

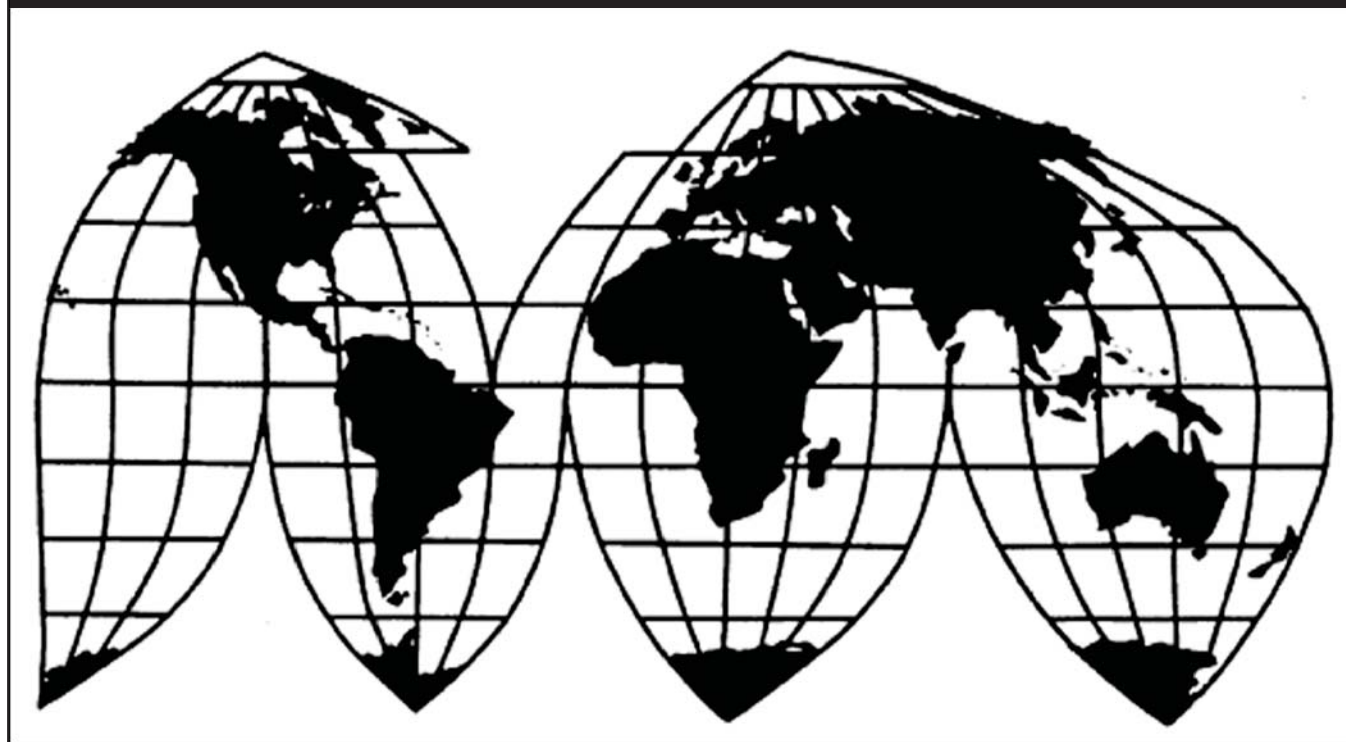
# **Oil Country Tubular Goods from China**

Investigation Nos. 701-TA-463 and 731-TA-1159 (Review)

**Publication 4532**

**May 2015**

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## **UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation Nos. 701-TA-463 and 731-TA-1159 (Review)

Oil Country Tubular Goods from China

### **DETERMINATIONS**

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930, that revocation of the countervailing duty and antidumping duty orders on oil country tubular goods from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### **BACKGROUND**

The Commission, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), instituted these reviews on December 1, 2014 (79 F.R. 71121) and determined on March 6, 2015 that it would conduct expedited reviews (80 F.R. 17495, April 1, 2015).

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR § 207.2(f)).





## VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty and countervailing duty orders on oil country tubular goods (“OCTG”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

The Commission instituted the original investigations of OCTG from China in response to a petition filed on April 8, 2009, by Maverick Tube Corporation; United States Steel Corporation; V&M Star LP; V&M Tubular Corporation of America; TMK IPSCO; Evraz Rocky Mountain Steel; Wheatland Tube Corporation; and the United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC.<sup>1</sup> On January 13, 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of OCTG from China that the U.S. Department of Commerce (“Commerce”) had determined were subsidized.<sup>2</sup> On May 14, 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of OCTG from China that Commerce had determined were sold at less than fair value.<sup>3</sup> Commerce issued a countervailing duty order on January 14, 2010,<sup>4</sup> and an antidumping duty order on May 19, 2010.<sup>5</sup>

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<sup>1</sup> *Certain Oil Country Tubular Goods from China*, Inv. No. 701-TA-463 (Final), USITC Pub. 4124 (January 2010) (“*Final CVD Determination*”) at 1.

<sup>2</sup> *Final CVD Determination*, USITC Pub. 4124 at 1; *see also* 75 Fed. Reg. 3248 (January 20, 2010). The period of investigation (“POI”) was January 1, 2006, to September 30, 2009. Commissioners Lane and Williamson found that an industry in the United States was materially injured by reason of imports of OCTG from China that Commerce determined were subsidized. *See Final CVD Determination*, USITC Pub. 4124 at 29-35.

<sup>3</sup> *Certain Oil Country Tubular Goods from China*, Inv. No. 731-TA-1159 (Final), USITC Pub. 4152 (May 2010) (“*Final AD Determination*”); *see also* 75 Fed. Reg. 28058 (May 19, 2010). The Commission adopted the views it had issued earlier in the countervailing duty investigation. USITC Pub. 4152 at 1. Commissioners Lane and Williamson found that an industry in the United States was materially injured by reason of imports of OCTG from China that Commerce determined to be sold at less than fair value. *See Final AD Determination*, USITC Pub. 4152, at 3 n.1 and 4 n.8.

<sup>4</sup> *Certain Oil Country Tubular Goods from the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 Fed. Reg. 3203 (January 20, 2010).

<sup>5</sup> *Certain Oil Country Tubular Goods from the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 Fed. Reg. 28551 (May 21, 2010).

The Commission instituted these five-year reviews concerning the antidumping and countervailing duty orders on OCTG from China on December 1, 2014.<sup>6</sup> The Commission received a joint substantive response to the notice of institution from nine domestic OCTG producers: United States Steel Corporation; Maverick Tube Corporation; Boomerang Tube LLC; Tejas Tubular Products; Energex Tube, a division of the JMC Steel Group; Vallourec Star L.P.; Welded Tube USA, Inc.; EVRAZ Rocky Mountain Steel; and TMK IPSCO (collectively, the “Domestic Producers”).<sup>7</sup> The Commission did not receive a response from any respondent interested party.<sup>8</sup>

On March 6, 2015, the Commission found each of the Domestic Producer responses to the notice of institution individually adequate and the domestic industry party group response adequate. The Commission found the respondent interested party group response inadequate. The Commission did not find that any other circumstances warranted conducting full reviews and determined to conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act.<sup>9</sup>

## **II. DOMESTIC LIKE PRODUCT AND INDUSTRY**

### **A. Domestic Like Product**

In making its determination under section 751(c) of the Act, the Commission first defines the “domestic like product” and the “industry.”<sup>10</sup> The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>11</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original

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<sup>6</sup> *Oil Country Tubular Goods from China: Institution of Five-Year Reviews*, 79 Fed. Reg. 71121 (December 1, 2014); *see also Certain Oil Country Tubular Goods From the People’s Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order*, 80 Fed. Reg. 18604 (April 7, 2015) (“Commerce AD Sunset Review”) and *Certain Oil Country Tubular Goods From the People’s Republic of China: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 80 Fed. Reg. 19282 (April 10, 2015) (“Commerce CVD Sunset Review”).

<sup>7</sup> Substantive Response of Domestic Producers to the Commission’s Notice of Institution (April 7, 2015) (“Response”).

<sup>8</sup> *See* Memorandum INV-NN-007, Confidential Report (“CR”) at 51, Public Report (“PR”) at 51.

<sup>9</sup> 19 U.S.C. § 1675(c)(3). Summary Voting Sheet, EDIS Doc. 551949; *see also Oil Country Tubular Goods from China; Scheduling of Expedited Five-Year Reviews*, 80 Fed. Reg. 17495 (April 1, 2015).

<sup>10</sup> 19 U.S.C. § 1677(4)(A).

<sup>11</sup> 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

investigation and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.<sup>12</sup>

Commerce has defined the scope of the orders in these five-year reviews as follows: Certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (e.g., whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (“API”) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not threaded protectors are attached. The scope of the order also covers OCTG coupling stock. Excluded from the scope of the order are casings or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.<sup>13</sup>

OCTG are tubular steel products used in oil and gas wells and include casing, tubing, and coupling stock of carbon and alloy steel. Casing is a circular pipe that serves as the structural retainer for the walls of the well with an outside diameter (“OD”) ranging from 4.5 to 20 inches. Casing is used in the well to provide a firm foundation for the drill string by supporting the walls of the hole to prevent caving in both during drilling and after the well is completed. After the casing is set, concrete is usually pumped between the outside of the casing and the wall of the hole to provide a secure anchor. Casing also serves as a surface pipe designed to prevent contamination of the recoverable oil and gas by surface water, gas, sand, or limestone. Casing must be sufficiently strong to carry its own weight and to resist both external pressure and pressure within the well. Casing can be threaded at both ends and connected to other casing pieces with couplings or connectors. Because the amount of open hole that can be drilled at any one time is limited, a string of concentric layers of casing, rather than a single casing, is used for larger wells. Several sizes of casing may be set inside the well after it has been drilled, with the larger sizes set at the top of the well and the smaller sizes toward the bottom.<sup>14</sup>

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<sup>12</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

<sup>13</sup> *Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Review of the Countervailing Duty Order on Certain Oil Country Tubular Goods from the People’s Republic of China*, C-570-944 (March 31, 2015) at 2; *Expedited First Sunset Review of the Antidumping Duty Order on Certain Oil Country Tubular Goods from the People’s Republic of China: Issues and Decision Memorandum*, A-570-943 (March 31, 2015) at 2-3.

<sup>14</sup> See CR/PR at 21-22.

Tubing is a smaller-diameter pipe (between 1.050 and 4.500 inches in OD) installed inside a larger-diameter casing that is used to conduct the oil or gas to the surface either through natural flow or pumping. Substances (such as lubricant) are also pumped into the well through the tubing for well treatment. Tubing must be strong enough to support its own weight, that of the oil or gas, and that of any pumping equipment suspended on the string.<sup>15</sup>

Coupling stock is a seamless tubular product used to make coupling blanks which, in turn, are used to produce coupling. Only coupling stock, not coupling blanks or couplings, is within Commerce's scope. A coupling is a thick-walled and internally threaded cylinder that is used to join two lengths of threaded pipe. Coupling typically accounts for between 2 and 3 percent of the weight of the end-finished tubing or casing. Casing, tubing, and coupling stock are all usually produced in accordance with API specification 5CT.<sup>16</sup>

In the original investigations, the Commission found that all OCTG are used in the same general applications (*i.e.*, the extraction of oil or natural gas), share common physical characteristics, are manufactured to the same specifications, and may be subject to the same additional finishing processes, such as heat treating, threading, hydrostatic testing, and cutting to length. Based on these similarities, and in the absence of clear dividing lines between different types of OCTG, the Commission found a single domestic like product, consisting of all OCTG, that was coextensive with the scope of the investigations.<sup>17</sup>

In these expedited five-year reviews, there is no new information that would suggest any reason to revisit the Commission's domestic like product definition from the original investigations.<sup>18</sup> Domestic Producers state that they agree with the Commission's domestic like product definition from the original investigations.<sup>19</sup> Accordingly, we again define the domestic like product as OCTG, which is coextensive with Commerce's scope description.

## **B. Domestic Industry**

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>20</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

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<sup>15</sup> CR/PR at 23.

<sup>16</sup> CR/PR at 23.

<sup>17</sup> *Final CVD Determination*, USITC Pub. 4124, at 6.

<sup>18</sup> *See generally* CR/PR at 18-34.

<sup>19</sup> Response at 24.

<sup>20</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

In the original investigations, the Commission defined the domestic industry as consisting of all domestic producers of OCTG.<sup>21</sup> In these reviews, Domestic Producers have stated that they agree with the domestic industry definition in the original investigations.<sup>22</sup> There is no information in the record of these reviews that would suggest a reason for us to revisit the definition of the domestic industry determined in the original investigations and there are no related party issues in these reviews. Therefore, in light of definition of the domestic like product, we define the domestic industry as all domestic producers of OCTG.

### **III. Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>23</sup> The Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>24</sup> Thus, the likelihood standard is prospective in nature.<sup>25</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review

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<sup>21</sup> *Final CVD Determination*, USITC Pub. 4124, at 6. In the original investigations, one U.S. producer, \*\*\*, imported subject OCTG from China. The Commission found that appropriate circumstances did not exist to exclude this producer from the domestic industry. *Id.*

<sup>22</sup> Response at 24.

<sup>23</sup> 19 U.S.C. § 1675a(a).

<sup>24</sup> SAA, H.R. Rep. 103-316, vol. I, at 883-84. The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>25</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>26</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>27</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>28</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping or countervailing duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effects, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>29</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, whether the industry is vulnerable to material injury if the order were revoked, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>30</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>31</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed

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<sup>26</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>27</sup> 19 U.S.C. § 1675a(a)(5).

<sup>28</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>29</sup> 19 U.S.C. § 1675a(a)(1).

<sup>30</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings for the orders under review. CR/PR at 41.

<sup>31</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>32</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>33</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>34</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>35</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.<sup>36</sup>

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<sup>32</sup> 19 U.S.C. § 1675a(a)(2).

<sup>33</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>34</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>35</sup> 19 U.S.C. § 1675a(a)(4).

<sup>36</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

As noted above, the Commission did not receive a response to the notice of institution from any producer or exporter of OCTG in China during the adequacy phase of these proceedings. The record, therefore, contains limited new information with respect to the OCTG industry in China. There also is limited information in the record on the OCTG market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigations, data submitted in the response to the notice of institution of these reviews, and other public data.

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>37</sup>

**Demand Conditions.** In the original investigations, the Commission found that overall demand for OCTG was closely linked to demand for products used in the extraction of oil and natural gas and was often gauged by the number of active rigs employed in the United States in oil or gas drilling. It also found that demand for OCTG was cyclical and had experienced sharp and frequent fluctuations.<sup>38</sup>

There is no information on the record of this review to suggest that the demand conditions present in the original investigations have subsequently changed. The record in these reviews indicates that overall demand for OCTG remains linked to demand for products used in the extraction of oil and natural gas and that demand for OCTG can be cyclical.<sup>39</sup> Apparent U.S. consumption of OCTG was \*\*\* short tons in 2013, \*\*\* percent lower than in 2008.<sup>40</sup> The record indicates that there have been some recent declines in rig count, a driver of OCTG demand, since the second half of 2014 as oil prices have declined.<sup>41</sup>

**Supply Conditions.** In the original investigations, the Commission found that there were three sources of OCTG supply in the U.S. market during the POI: domestic shipments, subject imports, and nonsubject imports.<sup>42</sup> Domestic producers’ shipments fluctuated over the POI, but increased overall, although the industry’s market share decreased.<sup>43</sup> The volume of subject

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<sup>37</sup> 19 U.S.C. § 1675a(a)(4).

<sup>38</sup> *Final CVD Determination*, USITC Pub. 4124, at 12.

<sup>39</sup> CR/PR at 13-15.

<sup>40</sup> CR/PR at Table 7. Apparent U.S. consumption of OCTG was 4.7 million short tons in 2006, 4.1 million short tons in 2007, 6.7 million short tons in 2008, and \*\*\* short tons in 2013. *Id.*

<sup>41</sup> CR/PR at 15 and Figures 2 & 3. Likewise, several responding purchasers reported that demand for OCTG is now \*\*\*. CR/PR at D-7. They also generally reported no changes in the end uses or applications for OCTG in the U.S. market or China since 2010, although one purchaser reported that \*\*\*. CR/PR at D-5.

<sup>42</sup> *Final CVD Determination*, USITC Pub. 4124, at 13.

<sup>43</sup> *Final CVD Determination*, USITC Pub. 4124, at 13-14.



imports increased sharply over the POI as did their market share.<sup>44</sup> The Commission also found that there were many sources of nonsubject imports and that the volume of nonsubject imports tracked trends in apparent U.S. consumption over the POI, but increased overall. The ending inventories of purchasers and importers, which increased sharply late in the POI, accounted for a significant share of available supply.<sup>45</sup> The Commission found that the increase in import supply was facilitated in part by the growth in the number of importers willing to participate in the market as OCTG prices increased over the POI in response to increasing demand. Moreover, the increase in purchasers' inventories, at least in late 2008, occurred as market participants, which had failed to anticipate the sudden and steep decrease in demand, received shipments of OCTG that they had placed when demand was high and supply was tight earlier in 2008.<sup>46</sup>

In this review, Domestic Producers identified 17 current U.S. producers of OCTG.<sup>47</sup> The production capacity of Domestic Producers was \*\*\* short tons in 2013, which accounted for \*\*\* percent of overall U.S. OCTG production.<sup>48</sup> The domestic industry's share of apparent U.S. consumption was higher in 2013, at \*\*\* percent, than in 2008, when it was 44.4 percent.<sup>49</sup>

Imports of OCTG from China, as well as from nonsubject sources, have continued to supply the U.S. market since issuance of the antidumping and countervailing duty orders in 2010.<sup>50</sup> The share of apparent U.S. consumption held by subject imports declined from 32.7 percent in 2008 to \*\*\* percent in 2013. By contrast, the share of apparent U.S. consumption held by nonsubject imports increased from 22.8 percent in 2008 to \*\*\* percent in 2013.<sup>51</sup> The majority of nonsubject imports in 2013 were from India, Korea, Taiwan, Turkey, Ukraine, and Vietnam.<sup>52</sup> Imports from these sources became subject to antidumping duty orders and, in the case of imports from India and Turkey, countervailing duty orders in 2014.<sup>53</sup>

***Substitutability and Other Conditions.*** In the original investigations, the Commission found a high degree of interchangeability among the domestic like product, subject imports, and nonsubject imports. Price was an important consideration in purchasing decisions.<sup>54</sup>

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<sup>44</sup> *Final CVD Determination*, USITC Pub. 4124, at 14.

<sup>45</sup> *Final CVD Determination*, USITC Pub. 4124, at 14.

<sup>46</sup> *Final CVD Determination*, USITC Pub. 4124, at 15.

<sup>47</sup> Response at Exhibit 24.

<sup>48</sup> CR/PR at 42; Response at Exhibit 28.

<sup>49</sup> CR/PR at Table 7. The domestic industry's share of apparent U.S. consumption was 59.2 percent in 2006, 58.0 percent in 2007, 44.4 percent in 2008, and was \*\*\* percent in 2013. *Id.*

<sup>50</sup> CR/PR at Table 7.

<sup>51</sup> CR/PR at Table 7.

<sup>52</sup> CR/PR at Table 5.

<sup>53</sup> See CR/PR at Table 3; see also *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Turkey, Ukraine, and Vietnam*, 701-TA-499-500, 731-TA-1215-1217, 1219-1223 (Final), USITC Pub. 4489 (Sept. 2014).

<sup>54</sup> *Final CVD Determination*, USITC Pub. 4124, at 15.

The Commission also found that domestically produced and imported OCTG was almost entirely sold through distributors. It found that these distributors would stock multiple OCTG products for resale to rig operators. When prices were rising, it found that the distributors would benefit by selling OCTG at prices higher than their purchase prices and, when prices were falling, their inventories would lose value.<sup>55</sup>

In this review, there is no new information on the record that warrants modification of the Commission's findings in the original investigations. Accordingly, we again find that there is a high degree of substitutability among the domestic like product, subject imports, and nonsubject imports, that price is an important factor in purchasing decisions, and that OCTG in the U.S. market was almost entirely sold through distributors.

### C. Likely Volume of Subject Imports

**Original Investigations.** In its analysis of present material injury by reason of subject imports, the Commission found that the absolute volume of subject imports increased over the POI.<sup>56</sup> The Commission found that subject imports increased consistently during the full years of the POI regardless of whether demand was rising or falling.<sup>57</sup> The Commission found that the market share held by subject imports increased over the POI, and was higher in January-September ("interim") 2009 than in interim 2008. It also found that, as subject imports' market share increased, domestic producers' market share decreased.<sup>58</sup> Consequently, the Commission found the volume of subject imports to be significant in absolute terms and relative to production and consumption in the United States.<sup>59</sup>

With respect to the analysis of the likely future volume of subject imports, the Commission found that the market penetration of subject imports increased consistently during the POI. It found that subject imports would likely increase significantly in the imminent future because of the increasing and unused production capacity of the OCTG industry in China, the substantial inventories held by subject Chinese producers and importers, the potential for product shifting in light of orders on standard and line pipe, the export orientation of the industry in China, and the attractiveness of the U.S. market.<sup>60</sup>

**Current Reviews.** In these reviews, the information available indicates that the antidumping and countervailing duty orders have had a disciplining effect on the volume of subject imports, which have decreased significantly since the imposition of the orders in 2010.<sup>61</sup> Subject imports have fallen since the imposition of the orders, from 740,431 short tons in 2009

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<sup>55</sup> *Final CVD Determination*, USITC Pub. 4124, at 15.

<sup>56</sup> *Final CVD Determination*, USITC Pub. 4124, at 16.

<sup>57</sup> *Final CVD Determination*, USITC Pub. 4124, at 16-17.

<sup>58</sup> *Final CVD Determination*, USITC Pub. 4124, at 17.

<sup>59</sup> *Final CVD Determination*, USITC Pub. 4124, at 18.

<sup>60</sup> *Final CVD Determination*, USITC Pub. 4124, at 18-22.

<sup>61</sup> CR/PR at Table 5.

to 4,137 short tons in 2013.<sup>62</sup> The volume of subject imports in 2013 was significantly below the quantities observed during the original POI.<sup>63</sup>

In its threat analysis in the original investigations, the Commission found that the OCTG industry in China had substantial capacity, production, unused capacity, and an export orientation.<sup>64</sup> The available data in these expedited reviews indicate that this is still true. Domestic Producers report that the OCTG industry in China continues to manufacture and export substantial volumes of OCTG and continues to have substantial excess capacity with which to increase production in the event of revocation.<sup>65</sup> Additionally, available information published by the World Steel Association indicates that, for the broader category of welded and seamless tube that includes OCTG, production in China has increased since 2009.<sup>66</sup> Data from the Global Trade Atlas indicate that China has been by far the largest exporter of OCTG in the world in each year from 2009 to 2013.<sup>67</sup>

The United States remains an attractive market for the OCTG industry in China. Notwithstanding recent fluctuations in demand, the United States remains a substantial market for OCTG.<sup>68</sup> Subject imports from China have remained in the U.S. market despite the imposition of the orders in 2010, albeit in significantly reduced quantities.<sup>69</sup> The existence of

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<sup>62</sup> CR/PR at Table 5.

<sup>63</sup> CR/PR at Table 5. Subject imports were 725,027 short tons in 2006, 860,711 short tons in 2007, and 2.2 million short tons in 2008. Subject imports declined to 740,431 short tons in 2009 and declined sharply to 31,268 short tons in 2010. They declined further during two of the three following years before reaching a period low in 2013. *Id.*

<sup>64</sup> *Final CVD Determination*, USITC Pub. 4124, at 19-21.

<sup>65</sup> CR/PR at 51-52; Response at 10-13 and Exhibits 16, 17, and 19 (\*\*\*).

<sup>66</sup> CR/PR at 51 and Table 8. With respect to product shifting, the available information indicates that other steel pipe products, such as standard pipe and line pipe, can be produced on the same equipment and with the same workers that are used to produce seamless and welded OCTG. *See* Response at 10, citing *Oil Country Tubular Goods from Argentina, Japan, Korea, and Mexico*, Inv. Nos. 701-TA-364, 711, and 713-716 (Review), USITC Pub. 3434 (June 2001), at 16. We find that producers in China have both the capability and incentive to shift production from these other steel pipe products to the production of OCTG for export to the United States in the event of revocation, because there are orders outstanding against several of these products in the United States. *See Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China*, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final), USITC Pub. 4190 (Nov. 2010); *Circular Welded Carbon Quality Steel Line Pipe from China*, Inv. Nos. 701-TA-455 and 731-TA-1149 (Review), USITC Pub. 4064 (May 2014); and *Circular Welded Carbon Quality Steel Pipe from China*, Inv. Nos. 701-TA-447 and 731-TA-1116 (Review), USITC Pub. 4035 (Nov. 2013).

<sup>67</sup> CR/PR at Table 9.

<sup>68</sup> *See* CR/PR at Table 7; *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500, 731-TA-1215-1217, 1219-1223 (Final), USITC Pub. 4489 at Tables VII-26 and VII-27 (Sept. 2014).

<sup>69</sup> CR/PR at Table 6.

trade remedy orders against OCTG from China in other export markets provides a further incentive for additional subject imports to be directed to the United States upon revocation.<sup>70</sup>

During the original investigations, the industry in China indicated both the ability and inclination to increase their absolute and/or relative presence in the U.S. market sharply,<sup>71</sup> and such increases will likely recur absent the discipline of the orders. We consequently find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the orders were revoked.

#### **D. Likely Price Effects**

**Original Investigations.** In its analysis of material injury by reason of subject imports, the Commission found that the domestic like product and subject imports were generally interchangeable, that price was an important consideration in purchasing decisions, and that most sales of both the domestic like product and subject imports were made to distributors. The Commission found that subject imports undersold the domestic like product by substantial margins in a majority of quarterly pricing comparisons. Thus, the Commission found that subject imports significantly undersold the domestic like product during the POI and gained market share as a result.<sup>72</sup>

The Commission did not find that subject imports significantly depressed or suppressed the prices of domestically produced OCTG. It observed that domestic producers' prices increased to very high levels in 2008, and concluded that those increased prices covered any increase in domestic producers' unit cost of goods sold ("COGS") in 2008.<sup>73</sup> Thus, the Commission concluded that subject imports were not having a significant effect on domestic producers' prices.<sup>74</sup>

In its threat analysis, the Commission found that subject imports were likely to continue to use underselling and aggressive pricing as a means to increase market share, given that subject imports and the domestic like product were generally substitutable. Thus, the Commission found that underselling that occurred during the POI was likely to continue to be significant in the imminent future and that underselling by subject imports was likely to

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<sup>70</sup> A number of countries have imposed antidumping or countervailing measures, or other barriers, against OCTG and other pipe products from China, including the European Union, Canada, Russia, and Mexico. See CR/PR at 52-54. Due to the failure of any foreign producer, exporter, or importer of subject merchandise from China to participate in this review, the record does not contain current information regarding existing inventories of subject merchandise or any likely increases in such inventories. CR/PR at 51; see Response at 13-14.

<sup>71</sup> *Final CVD Determination*, USITC Pub. 4124, at 16.

<sup>72</sup> *Final CVD Determination*, USITC Pub. 4124, at 23.

<sup>73</sup> *Final CVD Determination*, USITC Pub. 4124, at 23.

<sup>74</sup> *Final CVD Determination*, USITC Pub. 4124, at 23.

increase the attractiveness of those imports to domestic purchasers compared with domestic production.<sup>75</sup>

The Commission observed that demand for OCTG in the U.S. market had fallen in interim 2009 to levels lower than at any time during 2006 through 2008, whether measured by oil and natural gas prices, rig count, operator consumption, or other indicators. It found that demand for new shipments was further depressed by high inventories held by both distributors and end users. The Commission concluded that the introduction of increased quantities of subject imports, aggressively priced in an effort to gain market share, would put pressure on domestic producers to lower prices in an already very unfavorable market in order to compete for sales and prevent an accelerated erosion of their market share. Accordingly, the Commission found that subject imports were likely to enter at prices that would have had a significant depressing effect on domestic prices for OCTG.<sup>76</sup>

The Commission further found that the domestic industry's ratio of COGS to net sales was markedly higher in interim 2009 than in interim 2008. Because subject imports were likely to cause the domestic industry to experience high per-unit production costs and prevent the domestic industry from increasing prices to offset the higher costs, the Commission found that the domestic industry would likely experience a cost/price squeeze. Thus, the Commission concluded that subject imports were likely to enter at prices that would have significant price-suppressing, as well as price-depressing, effects.<sup>77</sup>

**Current Reviews.** There is no new product-specific pricing information on the record of these expedited reviews. We find that price continues to be an important factor in purchasing decisions. In light of the consistent and significant underselling that occurred during the POI, we find that, if the antidumping and countervailing duty orders were revoked, subject imports would likely undersell the domestic like product to gain market share, as they did during the POI. This in turn would likely require the domestic industry to either lose sales to subject imports or to cut prices or restrain price increases to compete with subject import prices.

For the foregoing reasons, we conclude that subject imports from China would be likely to have significant price effects if the antidumping and countervailing duty orders were revoked.

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<sup>75</sup> *Final CVD Determination*, USITC Pub. 4124, at 24.

<sup>76</sup> *Final CVD Determination*, USITC Pub. 4124, at 24.

<sup>77</sup> *Final CVD Determination*, USITC Pub. 4124, at 24.

## E. Likely Impact of Subject Imports<sup>78</sup>

**Original Investigations.** In its original determinations, the Commission found that the domestic OCTG industry registered gains in many performance indicators, including production, shipments, and employment, over the POI. The Commission emphasized that the industry's financial performance was strongest in 2008, when subject imports reached their peak.<sup>79</sup>

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<sup>78</sup> Under the statute, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv); *see also* SAA at 887. Although the statute does not expressly define the "magnitude of the net countervailable subsidy" to be used by the Commission in five-year reviews, it states that "[t]he administering authority shall provide to the Commission the net countervailable subsidy that is likely to prevail if the order is revoked or the suspended investigation is terminated." 19 U.S.C. § 1675a(b)(3); *see also* SAA at 887. In its expedited sunset reviews of the antidumping and countervailing duty orders, Commerce determined that revocation of the antidumping duty order on OCTG from China would likely lead to a continuation or recurrence of dumping at margins ranging from 20.90 percent to 26.19 percent and that revocation of the countervailing duty order on OCTG from China would likely lead to a continuation or recurrence of subsidization at rates ranging from 20.90 percent to 26.19 percent. *Commerce AD Sunset Review*, 80 Fed. Reg. at 18604, and *Commerce CVD Sunset Review*, 80 Fed. Reg. at 19282.

The statute also provides that, "[i]f a countervailable subsidy is involved, the Commission shall consider the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(a)(6). Commerce found two subsidy programs provided export subsidies under Article 3.1(a) of the 1994 WTO Agreement on Subsidies and Countervailing Measures ("SCM Agreement"): (1) Export Loans from the Export-Import Bank of China; and (2) Export-Credit Insurance Reimbursements from the Wuxi District Administration Committee. Issues and Decision Memorandum at 9, as adopted by *Commerce CVD Sunset Review*, 80 Fed. Reg. at 19283. Commerce also found 18 programs that could be provide subsidies as described in Article 6.1 of the SCM Agreement: (1) Policy Loans through Policy Banks and State-Owned Commercial Banks; (2) Government Provision of Steel Rounds for Less Than Adequate Renumeration; (3) The State Key Technology Project Fund; (4) "Two Free, Three Half" Program; (5) Preferential Tax for Foreign-Invested Enterprises Recognized as High or New Technology Enterprises; (6) Local Income Tax Exemption and Reduction for Productive Foreign-Invested Enterprises; (7) Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment; (8) Subsidies Provided in the Tianjin Binhai New Area and the Tianjin Economic and Technology Development Area; (9) Loan and Interest Forgiveness for State-Owned Enterprises; (10) Government Provision of Electricity for Less Than Adequate Renumeration; (11) Export Restraints on Coke; (12) Energy Savings Award; (13) Technology Project Award; (14) Refund of Real Estate Tax and Land-Use Tax for Companies Located in Yadahong Industrial Concentration District of Songyuan City; (15) WSP Technology Grants; (16) Tax Waivers and Reductions in Korla City; (17) Special Preferential Policies in Korla Zone; and (18) Preferential Financial Support to Bazhou Seamless. *Id.* at 9-12.

<sup>79</sup> *Final CVD Determination*, USITC Pub. 4124, at 24.

Demand for OCTG plunged beginning in the latter part of 2008 and remained anemic through interim 2009. The Commission found that subject imports' market share increased as demand decreased, was higher in interim 2009 than in interim 2008, and pushed domestic producers' market share down 16.0 percentage points.<sup>80</sup> Although the industry's performance indicators were down sharply in interim 2009 compared with interim 2008, the Commission concluded that the decrease in the industry's performance indicators was largely driven by demand trends and that the industry's performance over the entire POI did not warrant a finding of present material injury by reason of subject imports.<sup>81</sup>

The declines in the state of the domestic industry's performance indicators observed in interim 2009 weighed heavily in the Commission's threat analysis.<sup>82</sup> It found that the industry was in a weakened state and was vulnerable to material injury. It also found that the industry's vulnerability was heightened by relatively flat demand conditions in the imminent future, aggravated by large purchaser inventories that would sharply curtail future demand.<sup>83</sup>

The Commission found that the conditions that drove demand and domestic prices upward in 2008 were not likely to recur in the imminent future. Rather, it found that demand was likely to remain anemic (albeit perhaps increasing) in the imminent future, while high inventory levels would likely continue to limit demand for new production.<sup>84</sup> Consequently, as subject imports continued to take market share from the domestic industry and to exert significant price-depressing and -suppressing effects, the domestic industry would likely experience further declines in production, market share, capacity utilization, and shipments. As a result of these adverse trends, it found that the domestic industry would also likely experience lower employment levels, net sales, operating income, and profitability. Given the industry's weakened state, the Commission concluded that these effects were significant and supported a conclusion that the domestic industry was threatened with material injury by reason of subject imports from China.<sup>85</sup>

The Commission also recognized that nonsubject imports were a factor in the U.S. market. It found that nonsubject import prices tended to be higher than subject import prices. The volume of nonsubject imports, some of which were subject to the discipline of antidumping duty orders during part of the POI, fluctuated in accordance with changes in demand. In contrast, there were substantial increases in subject imports that occurred regardless of changes in demand. Accordingly, the Commission concluded that nonsubject imports were not likely to take market share or sales from the domestic industry in the imminent future.<sup>86</sup>

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<sup>80</sup> *Final CVD Determination*, USITC Pub. 4124, at 24.

<sup>81</sup> *Final CVD Determination*, USITC Pub. 4124, at 24.

<sup>82</sup> *Final CVD Determination*, USITC Pub. 4124, at 25-26.

<sup>83</sup> *Final CVD Determination*, USITC Pub. 4124, at 26.

<sup>84</sup> *Final CVD Determination*, USITC Pub. 4124, at 26.

<sup>85</sup> *Final CVD Determination*, USITC Pub. 4124, at 26.

<sup>86</sup> *Final CVD Determination*, USITC Pub. 4124, at 27.

**Current Reviews.** The information available concerning the domestic industry's condition in these reviews consists of the data that the Domestic Producers provided in response to the notice of institution.<sup>87</sup> Because this is an expedited review, we have only limited information with respect to the domestic industry's financial performance. The limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.<sup>88</sup>

The information on the record indicates that the domestic industry's capacity was \*\*\* short tons in 2013. Reported production was \*\*\* short tons in 2013; accordingly, capacity utilization was \*\*\* percent. U.S. commercial shipments were \*\*\* short tons in 2013. The domestic industry reported an operating income of \$\*\*\* from sales of \$\*\*\*, resulting in an operating margin of \*\*\* percent in 2013.<sup>89</sup> Domestic Producers maintain that the imposition of the antidumping and countervailing duty orders led to improvements in production, production capacity, capacity utilization, U.S. shipments, and operating performance.<sup>90</sup> Nevertheless, the domestic industry's operating performance was \*\*\* below that recorded during any full year of the original POI.<sup>91</sup> Moreover, since August 2014, two domestic producers have laid off employees or idled production facilities.<sup>92</sup>

Based on the information on the record, we find that, should the orders be revoked, the likely significant volume of subject imports that would likely significantly undersell the domestic like product would likely have a significant adverse impact on the production, shipments, sales, employment, market share, and revenues of the domestic industry. These declines would likely have a direct adverse impact on the domestic industry's profitability, as they did in the original investigations.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute likely injury from other factors to the subject imports. Imports of OCTG from nonsubject countries have been present in increasing quantities in the U.S. market from the time the antidumping and countervailing duty orders under review were imposed in 2010 through 2013.<sup>93</sup> As discussed above, however, the majority of nonsubject imports in 2013 were from sources that became subject to antidumping and/or countervailing duty orders in 2014.<sup>94</sup> Available data indicates that the 2013 average unit

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<sup>87</sup> Domestic Producers estimate that they accounted for \*\*\* percent of U.S. production of OCTG in 2013. Response at Exhibit 28; *see also* CR/PR at 42 n.61.

<sup>88</sup> Vice Chairman Pinkert finds that the domestic industry producing OCTG appears to be vulnerable based on the record in these expedited reviews. Apparent U.S. consumption measured in quantity was at comparable levels in 2008 and 2013, but the domestic industry's average unit value and profitability levels in 2013 were \*\*\* lower than in 2008. CR/PR at Tables 4 and 6.

<sup>89</sup> CR/PR at Table 4.

<sup>90</sup> Response at 19-20.

<sup>91</sup> CR/PR at Table 4.

<sup>92</sup> CR/PR at Table 1.

<sup>93</sup> CR/PR at Table 5.

<sup>94</sup> CR/PR at Table 5.



values (“AUVs”) of the imports from nonsubject sources that did not become subject to orders in 2014 are comparable to those AUVs reported that year by the domestic industry and are considerably higher than the AUVs of either subject imports from China or nonsubject imports from sources that became subject to orders in 2014 that will discipline their pricing.<sup>95</sup> Moreover, because the domestic industry held a \*\*\* of the U.S. market in 2013, and a higher share than it did in 2008,<sup>96</sup> any increase in subject imports is likely to come, at least in part, at the expense of the domestic industry. Accordingly, the likely effects of the nonsubject imports are distinguishable from those effects that we have attributed to the subject imports.

Accordingly, we conclude that, if the antidumping and countervailing duty orders were revoked, subject imports would be likely to have a significant impact on the domestic industry within a reasonably foreseeable time.

#### **IV. CONCLUSION**

For the foregoing reasons, we determine that revocation of the antidumping and countervailing duty orders on OCTG from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>95</sup> CR/PR at Tables 4, 5. We typically treat AUV data with caution, as differences in AUVs can reflect differences in product mix rather than differences in prices. Nevertheless, we have considered AUV data here as the record of these expedited reviews does not include pricing data.

<sup>96</sup> CR/PR at Table 7.



## BACKGROUND

On December 1, 2014, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of antidumping and countervailing duty orders on oil country tubular goods (“OCTG”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3</sup> The following tabulation presents information relating to the background and schedule of this proceeding:<sup>4</sup>

Effective date	Action
December 1, 2014	Notice of institution and initiation by Commerce and Commission
March 6, 2015	Commission vote on adequacy
March 31, 2015	Commerce results of its expedited review
May 7, 2015	Commission’s determinations and views

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Oil Country Tubular Goods from China, Institution of Five-Year Reviews*, 79 FR 71121, December 1, 2014.

In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 79 FR 110, January 2, 2014.

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide a list of three to five leading purchasers in the U.S. market for the domestic like product and subject merchandise. Presented in Appendix D are the responses received from purchaser surveys mailed to the purchasers identified in the adequacy phase of this review.

<sup>4</sup> Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

# RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

## INDIVIDUAL RESPONSES

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of the following entities: United States Steel Corporation (“U.S. Steel”); Maverick Tube Corporation (“Maverick”); Boomerang Tube LLC (“Boomerang”); Tejas Tubular Products (“Tejas”); Energex Tube, a division of JMC Steel Group (“Energex”); Vallourec Star L.P. (“Vallourec”); Welded Tube USA Inc. (“Welded Tube”); EVRAZ Rocky Mountain Steel (“EVRAZ”); and TMK IPSCO, all domestic producers of OCTG (referred to herein as “domestic interested parties”).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in the tabulation below.

Type of interested party	Completed responses	
	Number	Coverage (percent)
Domestic	1	***
Respondents		
U.S. importer	0	0
Foreign producer/exporter	0	0

Note.--Coverage is based on responding producers’ share of total domestic production as reported in *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Investigation Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Publication 4489, September 2014, C-4.

## PARTY COMMENTS ON ADEQUACY

The Commission received one submission from the domestic interested parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. Domestic interested parties argued that their response constitutes an adequate response on behalf of the domestic industry producing the domestic like product.<sup>5</sup> Domestic interested parties also argued that respondent interested parties did not provide a response to the Notice of Institution and that accordingly, respondent

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<sup>5</sup> *Domestic Interested Parties’ Comments on Adequacy*, February 11, 2015, p. 1.

interested parties' response to the Notice of Institution is inadequate.<sup>6</sup> Finally, domestic interested parties argued that there is no evidence of a change in the conditions of competition or the existence of other factors that would compel the Commission to conduct full reviews.<sup>7</sup>

## RECENT DEVELOPMENTS IN THE INDUSTRY

Table 1<sup>8</sup> presents developments in the OCTG industry since the Commission's original investigations. Table 2 lists additional industry events, including information regarding announced investments that have not yet resulted in actual OCTG operations as of February 4, 2015.

**Table 1**

**OCTG: Industry events, January 2009 – January 2015**

Year	Company	Description of event
2009	Northwest	<b>Capacity increase:</b> Northwest announces that it is on schedule to start producing a combination of OCTG, line pipe and standard pipe at its Bossier City, LA location by 2010. The location had been idled due to market conditions.
	TMK IPSCO	<b>Capacity increase:</b> TMK IPSCO completed the construction of a heat treatment facility in Baytown, TX. The new facility has an annual capacity of 85,000 short tons. Reportedly TMK IPSCO will increase capacity by 15,000 short tons per year as the market for OCTG demands.
	U.S. Steel	<b>Idling:</b> US Steel halts production at Bellville Tube in Belville, TX and its Lone Star, TX facility. The two facilities together had an estimated 1.02 million short tons of capacity.
2010	Boomerang	<b>Planned new facility:</b> Boomerang finalizes funds to build an OCTG manufacturing facility in Liberty, TX. Production is scheduled to begin in August 2010.
	Laguna	<b>Planned new facility:</b> Laguna purchases land to build a new facility in Channelview, TX. The facility will feature heat treatment and upsetting for OCTG.
	Vallourec	<b>Planned new facility:</b> Vallourec announces the construction of a new mill in Youngstown, OH. Production is expected to start in 2011, and the mill will be able to produce OCTG at a 551,000 tpy capacity. Vallourec expects to operate at less than full capacity.

Table continued on next page.

<sup>6</sup> *Domestic Interested Parties' Comments on Adequacy*, February 11, 2015, p. 2.

<sup>7</sup> *Domestic Interested Parties' Comments on Adequacy*, February 11, 2015, p. 3.

<sup>8</sup> The primary source of information for this table is the Commission's report from the recently completed 9-country investigations ("9-country OCTG investigations"). *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Publication 4489, September 2014, table III-1. Much of the information provided in that table is public. Some information, however, came from proprietary sources, and only general descriptions of the events (e.g., "capacity increase" or "consolidation") are public and presented as such in table 1.

**Table 1--Continued**

**OCTG: Industry events, January 2009 – January 2015**

2011	Boomerang	<b>Capacity increase:</b> Boomerang Tube begins commercial production of OCTG at its new 400,000 tpy welded tubular products mill in Liberty, TX. The mill also produces limited quantities of welded line pipe.
	EnergeX	<b>Capacity increase, pipe forming</b>
	Laguna	<b>New finishing facility, capacity increase in heat treatment</b>
	Maverick	<b>Capacity increase, pipe forming and heat treatment</b>
	Northwest Pipe Co.	<b>Capacity increase:</b> Northwest Pipe ramps up production of OCTG and line pipe at its 150,000 tpy rolling mill located in Bossier City, LA.
	OMK	<b>Acquisition:</b> OMK acquires Tubular Solutions, a processing and finishing facility.
	Tejas Tubular	<b>Capacity increase, pipe forming:</b> Tejas Tubular commissions a new welded OCTG rolling mill in Stephenville, TX.
	Texas Steel Conversion	<b>New finishing facility, capacity increase in heat treatment and threading</b>
	TMK IPSCO (Houston, TX)	<b>Capacity increase, pipe forming, heat treatment, threading and coupling</b>
		<b>Capacity increase, threading:</b> TMK IPSCO announces plans to build an OCTG threading facility at its 570,000 tpy welded rolling mill in Wilder, KY. The facility produces OCTG, line pipe, and standard pipe.
	TMK IPSCO	<b>Idling</b>
	Tubular Services	<b>New finishing facility, capacity increase in heat treatment</b>
	U.S. Steel	<b>Capacity increase, heat treatment:</b> U.S. Steel completes the construction of an additional quench and temper line, as well as threading and coupling stations, at its Lorain, OH, rolling mill. <b>Capacity increase, heat treatment and threading</b>
2012	Boomerang	<b>Capacity increase, heat treatment</b> <b>New finishing facility and other investment</b>
	JMC Steel Group (parent company of EnergeX)	<b>Acquisition/merger:</b> JMC Steel Group acquires and merges Canadian OCTG producer Lakeside Steel (Welland, Ontario, Canada) with its own tubular assets to form a new division called EnergeX Tube. <b>Shutdown</b>
	Paragon	<b>Capacity increase, pipe forming</b>
	Northwest	<b>Idling/shut down</b>
	RDT	<b>Capacity increase, heat treatment:</b> Built heat treatment operation in 2012-13
	Tejas Tubular	<b>Capacity increase</b>
	TMK IPSCO	<b>Capacity increase</b> <b>Capacity increase pipe forming and heat treatment</b>
	TMK IPSCO	<b>Consolidation</b> <b>Idling</b>
	U.S. Steel	<b>Joint venture:</b> U.S. Steel and Buth Gilliam Enterprises form a new joint venture, Patriot Premium Threading Services (Midland, TX) to provide OCTG threading and repair services.
	Vallourec	<b>New mill, new finishing facility, increase in pipe forming, heat treatment, threading/coupling</b>

Table continued on next page.

**Table 1--Continued**

**OCTG: Industry events, January 2009 – January 2015**

<b>2013</b>	Boomerang	<b>Capacity increase, threading/coupling</b>
	Borusan and Mannesmann (Turkey)	<b>Capacity increase:</b> Borusan and Mannesmann breaks ground on a 300,000 tpy welded OCTG mill in Baytown, TX (\$150 million investment). The mill, which will employ 250 workers, is expected to begin production of OCTG in 2015.
	EnergeX	<b>Shutdown:</b> Thomasville, AL South (casing production facility) shutdown in January 2013.
	Northwest	<b>Upgrade</b>
		<b>Idling/shut down</b>
	OMK	<b>Capacity increase:</b> United Metallurgical Company (OMK) commissions a 200,000 tpy welded OCTG mill in Houston, TX (\$100 million investment). The rolling mill will produce OCTG in outside diameters ranging from 2.75–7 inches, and will source hot-rolled coil feedstock primarily from local producers.
	Tejas Tubular	<b>Planned new facility:</b> Tejas Tubular announces plans to build a 72,000 tpy OCTG heat treatment facility in New Carlisle, IN. The facility will provide heat treatment for well casing in 4.5–9.625 inch OD.
	Texas Steel Conversion	<b>Capacity increase</b>
	TMK IPSCO	<b>Pipe formation</b>
	Tubular Services	<b>Capacity increase, heat treatment and threading and coupling</b>
	U.S. Steel	<b>Acquisition</b>
	Vallourec	<b>End finishing</b>
<b>2014</b>	Vallourec	<b>Capacity increase:</b> Vallourec starts commercial production of seamless OCTG at its new 500,000 tpy seamless rolling mill in Youngstown, OH. Heat treatment and finishing operations begin in 2013.
	Welded Tube USA	<b>Capacity increase:</b> Welded Tube USA, a subsidiary of Canada-based pipe and tube producer Welded Tube of Canada, begins construction of a welded OCTG rolling mill in Lackawanna, NY (\$50 million investment). Production of OCTG begins in September 2013.
	Borusan Mannesmann	<b>Capacity increase:</b> New welded OCTG mill in Baytown, TX (\$150 million investment). Borusan and Mannesmann begins commissioning of its cold-rolling mill and threading operations at its 300,000 tpy welded OCTG mill in Baytown, TX. The mill will produce OCTG in 4.5–10.75 inches OD and process plain-end casing imported from its plant in Turkey. Borusan Mannesmann reports operating at full capacity since August 2014. The facility expects to produce at 275,000 and 300,000 tpy.
	Centric Pipe (affiliate of importer SB International)	<b>Acquisition:</b> In March, Centric Pipe, LLC, an affiliate of steel trading company, distributor, and importer SB International, acquires substantially all of Northwest Pipe's OCTG assets for \$42.7 million, including Northwest Pipe's casing mill in Bossier City, LA and its tubing mill in Houston, TX. The two mills reportedly have a combined capacity of 200,000 tpy. <b>Shutdown:</b> Houston, TX welded tubing mill shut down in March.
	DPI	<b>Finishing, threading and coupling</b>
	EnergeX Tube	<b>Heat treatment, capacity increase</b>
	EnergeX Tube	<b>Equipment upgrade:</b> EnergeX invests \$35 million to upgrade its Wheatland facility in Sharon, PA. The focus of the facility upgrade is on safety and efficiency, and it reportedly includes new equipment.

Table continued on next page.

**Table 1--Continued**

**OCTG: Industry events, January 2009 – January 2015**

<b>2014</b>	Northwest	<b>Sale:</b> As noted above, in March, Northwest sold its OCTG assets to Centric pipe.
	Tejas Tubular	<b>Capacity increase:</b> Tejas Tubular completes a new 72,000 tpy OCTG heat treatment facility in New Carlisle, IN. The facility will provide heat treatment for well casing in 4.5–9.625 inch OD.
	Texas Tubular	<b>New finishing facility, threading</b>
	TMK IPSCO	<b>Production idling:</b> In April, TMK IPSCO idles its 8-inch welded OCTG mill in Wilder, KY and reduces OCTG production at its Blytheville, AK and Camanche, IA facilities.
	U.S. Steel	<b>Capacity increase, pipe forming</b> <b>Idling and layoffs:</b> U.S. Steel announces in June that in early August it will idle tubular manufacturing facilities in McKeesport, PA and Bellville, TX (an ERW facility producing OCTG), impacting approximately 260 employees.
<b>2015</b>	Tenaris	<b>Idling and layoffs:</b> Tenaris announces plans to halt production at its Blytheville, AR, Conroe, TX, and Texas Arai couplings facility (Houston, TX). The company plans to lay off about 500 workers.
	U.S. Steel	<b>Idling:</b> In January, U.S. Steel announces that it will temporarily idle its Lorain, OH and Houston, TX operations starting March 2015.

Source: *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Investigation Nos. 701-TA-499-500 and 731-TA-1215-1217 (Final), USITC Publication 4489, Sept. 2014, table III-2a, *American Metal Markets*, *Metal Bulletin*, Preston Publishing, various issues.



**Table 2**

**OCTG: Ongoing industry events**

<b>Year</b>	<b>Company</b>	<b>Description of event</b>
<b>2011</b>	Tianjin Pipe Corp. (China)	<b>Groundbreaking:</b> Tianjin Pipe Group Corp (TPCO) breaks ground on a 500,000 tpy seamless OCTG mill in Gregory, TX (\$1 billion investment). Finishing and threading operations were expected to be completed by 2013, followed by the construction of a rolling mill and electric arc furnace (EAF) steel-making facility.
<b>2012</b>	Benteler Steel/Tube (Germany)	<b>Announcement:</b> Benteler Steel/Tube announces plans to build a 320,000 tpy seamless OCTG facility, including a hot-rolling mill and finishing lines, in Caddo, LA (\$975 million investment). A second phase of the mill will include the completion of an EAF mill. Groundbreaking at the facility commences in 2013, with completion of the seamless OCTG facility slated for 2015.
<b>2013</b>	Benteler Steel/Tube (Germany)	<b>Ground breaking:</b> Benteler Steel breaks ground on its 320,000 tpy seamless OCTG facility in Caddo, LA. A planned EAF to produce steel is due to be opened in 2020.
	Big River Steel	<b>Announcement:</b> Big River Steel announces a proposed \$1.1 billion project to produce OCTG, coiled products, and electrical steels in Osceola, AK. The proposed mill would have an annual capacity of 1.7 million short tons for all products.
	Prolamsa/Axis Pipe and Tube	<b>Announcement:</b> Announces plan to build \$120 million pipe and tubular facility in Bryan, TX with a capacity of 300,000+ short tons of ERW energy tubular products.
	PTC Seamless Tube Corp.	<b>Announcement:</b> Announces plan to invest \$102 million to retrofit a former production facility in Hopkinsville, KY to produce seamless tubes for the energy industry, including OCTG.
	Tenaris	<b>Ground breaking:</b> Tenaris announces its intention to build a new seamless OCTG mill in Bay City, TX, expected to be completed by mid-2016. The plant will have an OCTG capacity of 600,000 tpy with heat treatment and premium threading facilities, but no melting capacity. Groundbreaking began in September, with completion scheduled for mid-2016.
	Tianjin Pipe Corp. (China)	<b>Announcement:</b> TPCO begins partial commissioning of heat treatment operations at its 500,000 tpy seamless OCTG mill in Gregory, TX. The plant is expected to open in 2016
<b>2014</b>	Alamo Tube	<b>Announcement:</b> Alamo Tube is planning to invest \$62.5 million to build a 250,000 tpy ERW mill near San Antonio, TX. The plant is expected to employ more than 200 workers and will produce tubing currently being used in 80 percent of the new well completions. The mill will produce downhole tubing in a range that includes small outside diameters.
	Big River Steel	<b>Ground breaking:</b> Big River Steel breaks ground on its planned \$1.1 billion project to produce OCTG, coiled products, and electrical steels in Osceola, AK facility. The project is projected to start production by the second quarter of 2016
	Prolamsa/Axis Pipe and Tube	<b>Ground breaking:</b> Prolamsa breaks ground on a \$120 million pipe and tubular facility in Bryan, TX with a capacity of 300,000 plus short tons of ERW energy tubular products.
	PTC Seamless Tube Corp.	<b>Announcement:</b> Hopkinsville, KY local economic development executive reports that the \$102 million project to retrofit a former production facility Hopkinsville facility is near completion.
	Tejas Tubular	<b>Announcement:</b> Tejas is planning to build a 150,000 tpy seamless casing, drill pipe, and line pipe facility in Norfolk, NE. The facility is expected to create 200 jobs.
	Tenaris	<b>Announcement:</b> Construction of its new 600,000 tpy seamless OCTG facility in Bay City, TX continues.
	Timken	<b>Announcement:</b> Timken plans to build a \$40 million quench and tempering facility in Perry Township, OH at its Gambrinus facilities. In 2016, the facility will have the ability to process 50,000 tpy of bar and tubular goods, including products for the energy markets.

Source: Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam, Investigation Nos. 701-TA-499-500 and 731-TA-1215-1217 (Final), USITC Publication 4489, Sept. 2014, table III-2b, *American Metal Markets, Metal Bulletin*, Preston Publishing, various issues.

## Changes in supply and demand conditions of business cycle

The domestic interested parties identified OCTG market changes since 2008 such as increases in Chinese excess capacity and effects of unfairly traded imports from other countries.<sup>9</sup> Domestic interested parties argue that domestic producers have been weakened by two separate waves of unfairly-traded imports: the first from China (the subject investigations) and the second from the nine countries subject to the 2013 OCTG petitions.<sup>10</sup> During the original investigations on China, in 2008, imports from China accounted for 58.9 percent of the quantity of total imports<sup>11</sup> and 32.7 percent of the quantity of apparent domestic consumption.<sup>12</sup> Subsequent to the investigations, imports from China declined, and have accounted for no more than 1.4 percent of total imports since 2010 and \*\*\* percent of apparent domestic consumption in 2013. Since 2009, imports of OCTG from other countries increased.

Since the completion of the original investigations, the Commission completed the aforementioned investigations in 2014 as a result of petitions filed against imports from nine countries alleging that the domestic OCTG industry was materially injured or threatened with material injury. On July 2, 2013, petitions were filed alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of OCTG from India and Turkey and imports sold at less than fair value (“LTFV”) from India, Korea, the Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, Ukraine, and Vietnam. On September 2, 2014, the Commission determined that an industry in the United States was materially injured by reason of imports of OCTG from India, Korea, Turkey, Ukraine, and Vietnam sold at LTFV and subsidized by the governments of India and Turkey. The Commission also determined that an industry in the United States is threatened with material injury by reason of imports of OCTG from Taiwan sold at LTFV.<sup>13</sup> Imports from the six countries combined accounted for 51.3 percent of U.S. imports in 2013 and \*\*\* percent of apparent domestic consumption in 2013.<sup>14</sup>

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<sup>9</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 31, 2014, p. 24.

<sup>10</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 31, 2014, p. 24.

<sup>11</sup> *Certain Oil Country Tubular Goods from China*, Investigation No. 701-TA-463 (Final), USITC Publication 4124, January 2010, table IV-2.

<sup>12</sup> *Certain Oil Country Tubular Goods from China*, Investigation No. 701-TA-463 (Final), USITC Publication 4124, January 2010, table IV-7.

<sup>13</sup> The Commission also determined that imports of these products from the Philippines and Thailand were negligible, and its investigations with regard to these countries were consequently terminated. After correcting ministerial errors in its original final determination of sales at LTFV with respect to OCTG from Saudi Arabia, Commerce terminated that investigation. The Commission consequently terminated its investigation regarding Saudi Arabia. *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Publication 4489, September 2014, p. 1-2.

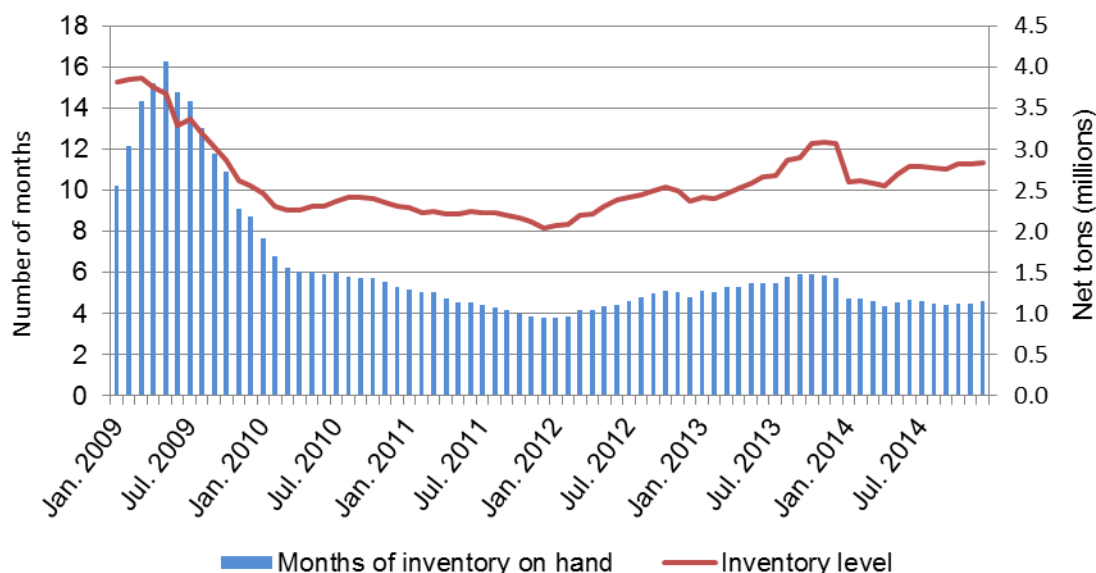
<sup>14</sup> See table 5 in the “U.S. Imports” section of this report and 7 in the “Apparent U.S. Consumption and Market Shares” section of this report.

The Commission included in its analysis of supply and demand considerations in the recently completed 9-country OCTG investigations discussions of factors such as inventories, U.S. real GDP, rig count, operator consumption, crude oil and dry natural gas production, crude oil and natural gas prices, and proportion of rigs designated to natural gas and oil mining, and proportion of rigs by drilling type.<sup>15</sup>

Figure 1 presents OCTG inventory, in millions of tons and number of months of inventory on hand (based on operator consumption). The inventory level peaked in early 2009 at over 3.8 million tons (16 months) and then declined through the first quarter of 2010. During 2010-2011, inventory level declined irregularly. Starting in January 2012, inventory level increased generally and peaked in November 2013 at 3.1 million tons (5.8 months). Inventories subsequently declined for several months, but have increased generally since April 2014, and in December 2014 were 2.8 million tons (4.6 months).

**Figure 1**

**OCTG: U.S. inventory levels and months' supply on hand, January 2009-December 2014**



Source: Preston Publishing Co. various issues, 2009-14.

The Commission's staff report from the 9-country OCTG investigations stated that U.S. demand for OCTG is driven by the level of economic activity in the U.S. economy. In 2014, U.S. real gross domestic product shrank in the first quarter by 2.1 percent, but then increased by 4.6

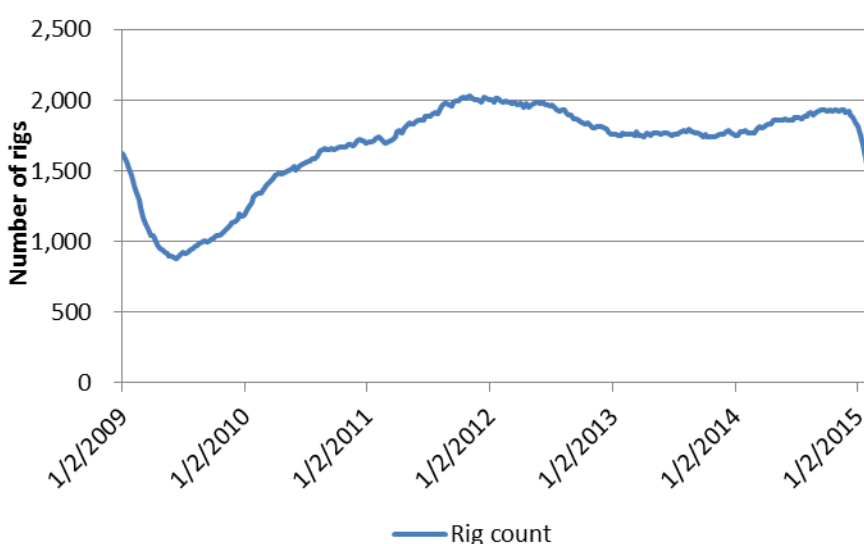
<sup>15</sup> *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Publication 4489, September 2014, p. II-9 through II-15.

percent in the second quarter, 5.0 percent in the third quarter, and 2.6 percent in the fourth quarter.<sup>16</sup>

The staff report also noted that demand is also derived from the demand for U.S. hydrocarbon (oil and natural gas) exploration and drilling. The amount of drilling is influenced, at least partially, by the price of oil and natural gas. Hydrocarbons are produced by oil and gas rigs.<sup>17</sup> The rig count (figure 2) increased since its 2008-09 recession level lows, but after reaching a near-peak level in November 2014, declined in January 2015 to counts last experienced in June 2010. OCTG operator consumption (figure 3), a measure of tonnage of OCTG used, experienced a similar trend.<sup>18</sup>

**Figure 2**

**OCTG: Baker-Hughes rig count, weekly, January 2, 2009 – January 30, 2015**



Source: Baker-Hughes North American Rotary Rig Count.

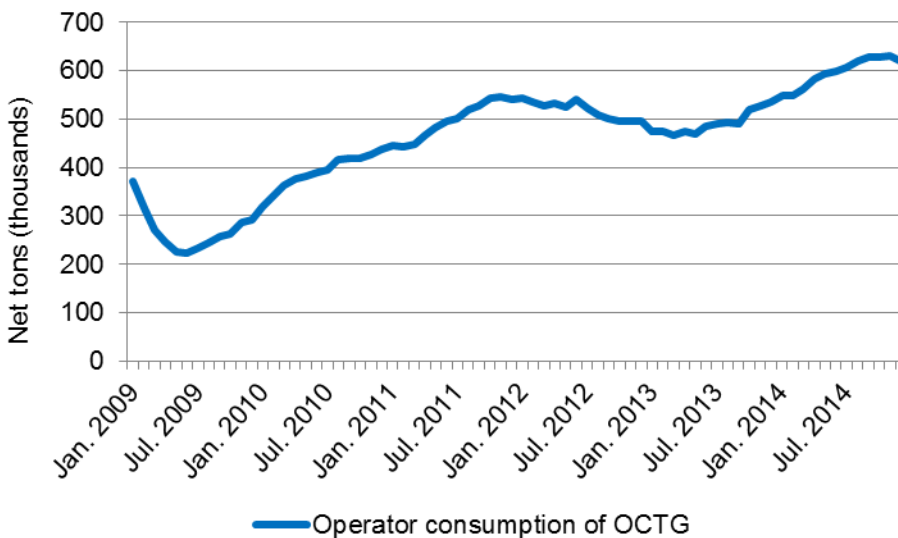
<sup>16</sup> Bureau of Economic Analysis, U.S. Department of Commerce.

<sup>17</sup> *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Publication 4489, September 2014, p. II-11.

<sup>18</sup> The latest available data for operator consumption are for December 2014. Preston Publishing Co., various issues, 2009-14.

**Figure 3**

**OCTG: Operator consumption, monthly, Baker-Hughes rig count, weekly, January 2009 – December 2014**



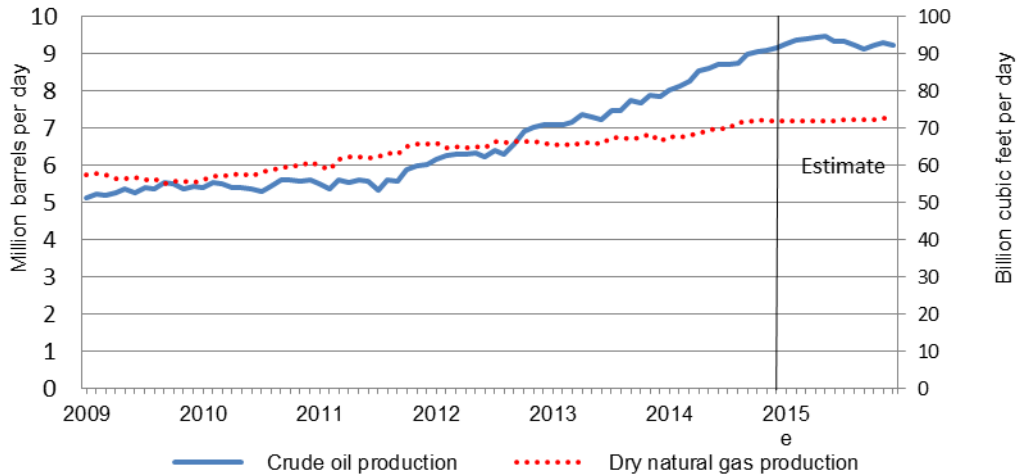
Source: Preston Publishing Co. various issues, 2009-14.

As operator consumption has increased, the total U.S. production of natural gas and oil has increased as well (figure 4). Oil production has increased at a faster rate than natural gas production since 2011.

The number of rigs typically responds to the price of natural gas and oil. As the price of oil increased beginning in 2009 (figure 5), the number and proportion of rigs devoted to oil production increased (figure 6). Notably, the price of oil declined from \$101.18 per barrel in July 2014 to \$58.29 per barrel in December 2014. The announcements of layoffs and plant idlings in late 2014 and early 2015 (see table 1) included as reasons for the cutbacks the low prices of gas and oil and reduced oil exploration activity.

**Figure 4**

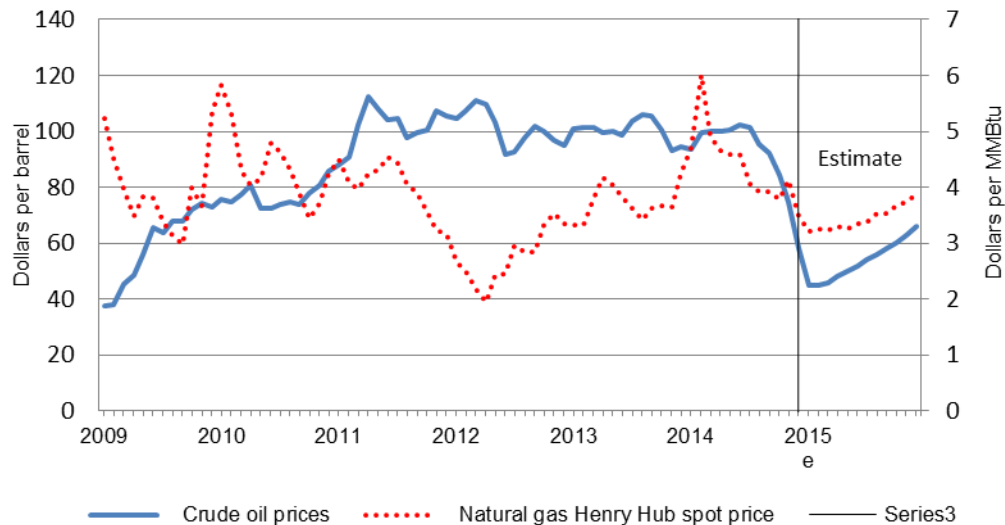
**OCTG: U.S. crude oil and dry natural gas production, monthly, January 2009-December 2014, estimated January 2015-December 2015**



Source: Energy Information Agency.

**Figure 5**

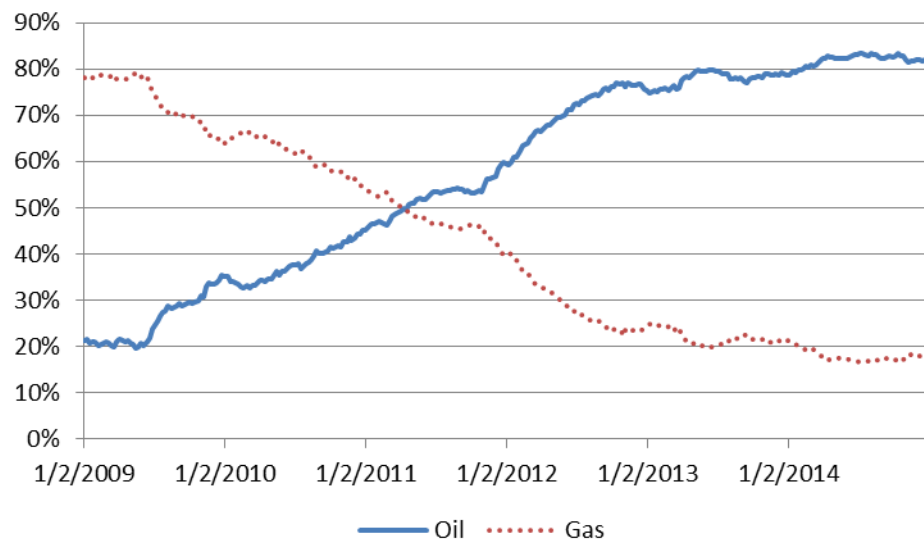
**OCTG: U.S. crude oil (WTI) and natural gas (Henry Hub spot) prices, monthly, January 2009-December 2014, estimated January 2015-December 2015**



Source: Energy Information Agency.

**Figure 6**

**OCTG: Proportion of U.S. rigs devoted to natural gas and oil mining, weekly, January 2009-December 2014**



Source: Baker-Hughes North American Rotary Rig Count.

## **THE PRODUCT**

### **COMMERCE'S SCOPE**

In the original investigations, Commerce defined the subject merchandise as:

OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (e.g., whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute ("API") or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the investigation also covers OCTG coupling stock. Excluded from the scope of the investigation are: Casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise subject to this investigation is currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under item numbers: 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.31.10,

7304.29.31.20, 7304.29.31.30, 7304.29.31.40, 7304.29.31.50, 7304.29.31.60, 7304.29.31.80, 7304.29.41.10, 7304.29.41.20, 7304.29.41.30, 7304.29.41.40, 7304.29.41.50, 7304.29.41.60, 7304.29.41.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.61.15, 7304.29.61.30, 7304.29.61.45, 7304.29.61.60, 7304.29.61.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.29.10.30, 7306.29.10.90, 7306.29.20.00, 7306.29.31.00, 7306.29.41.00, 7306.29.60.10, 7306.29.60.50, 7306.29.81.10, and 7306.29.81.50.

The OCTG coupling stock covered by the investigation may also enter under the following HTSUS item numbers: 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.39.00.76, 7304.39.00.80, 7304.59.60.00, 7304.59.80.15, 7304.59.80.20, 7304.59.80.25, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, 7304.59.80.70, and 7304.59.80.80.

The HTSUS subheadings are provided for convenience and customs purposes only, the written description of the scope of this investigation is dispositive.<sup>19</sup>

## DESCRIPTION AND USES<sup>20</sup>

OCTG includes casing and tubing of carbon and alloy steel used in oil and gas wells. Figure 7 shows a simplified schematic arrangement of a typical well with a system of casing and tubing, and figure 8 presents a more detailed representation of an oil or gas well, including descriptions of different types of casing by depth and function.

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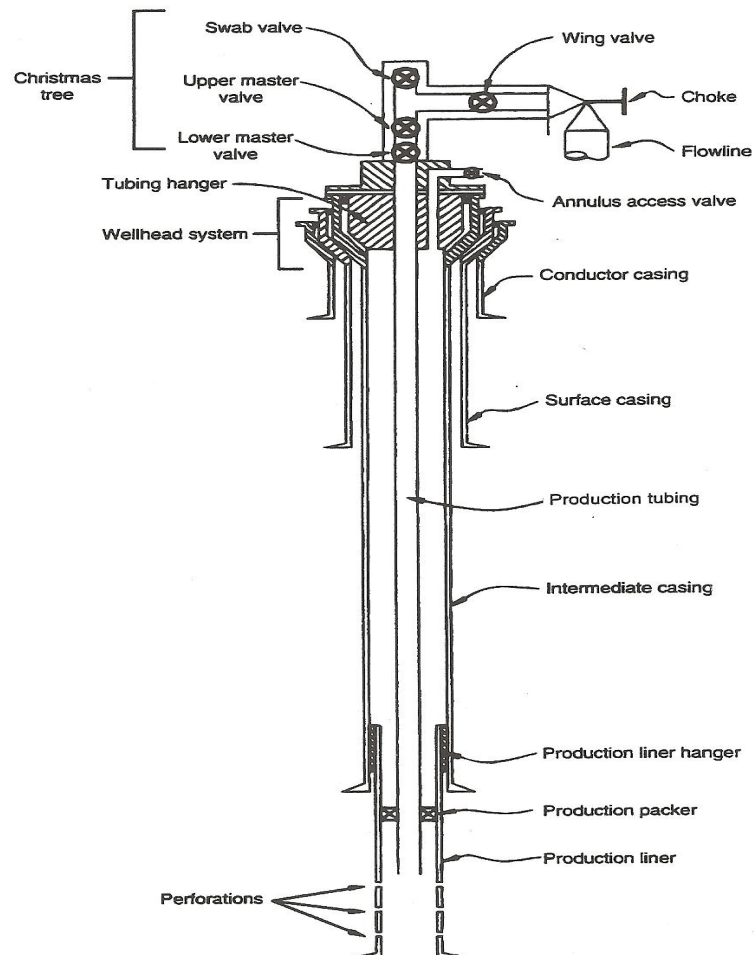
<sup>19</sup> *Certain Oil Country Tubular Goods From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Negative Critical Circumstances Determination*, 74 FR 64045, December 7, 2009.

<sup>20</sup> Unless otherwise noted, this information is based on *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Publication 4489, September 2014, pp. I-13 through I-28.



**Figure 7**

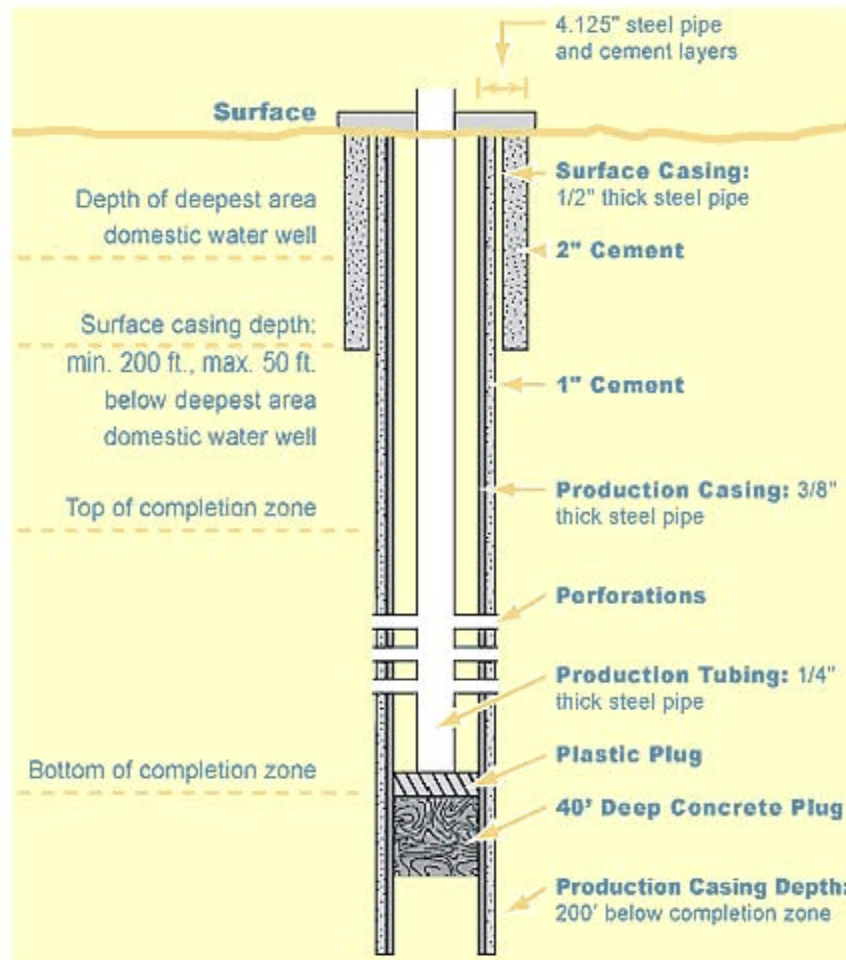
**Casing and tubing: Simplified diagrammatic representation of a well showing the casing strings and production tubing**



Source: Introduction to Oil and Gas Production, Fifth Edition, American Petroleum Institute, June 1996, p. 11.

**Figure 8**

**Casing and tubing: Subsurface components of an oil or gas well, including descriptions of different types of casing by depth and function**



Source: La Plata County Energy Council, Inc. (Durango, CO), "Gas Facts: Gas Well Life Cycle," found at <http://www.energycouncil.org/gas-well-life-cycle>, retrieved July 30, 2013.

Advancements in oil and gas exploration technologies, including horizontal drilling<sup>21</sup> and hydraulic fracture<sup>22</sup> have enabled gas wells to reach locations previously deemed cost-

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<sup>21</sup> Horizontal drilling is a variant of directional drilling in which vertical drilling within a well turns horizontal with the reservoir rock to expose more of the wellbore to the oil or natural gas. More oil and natural gas can be produced from fewer wells with less surface disturbance. American Petroleum Institute (API), "Advanced Drilling Techniques," found at <http://www.api.org/oil-and-natural-gasoverview/exploration-and-production/natural-gas/advanced-drilling>, retrieved July 29, 2013.

prohibitive (figure 9). In addition, the application of the new technologies permits more wells per acre, thus significantly increasing gas production and recoverable reserves.<sup>23</sup>

Casing is a circular pipe that serves as the structural retainer for the walls of the well with an outside diameter (O.D.) ranging from 4.5 to 20 inches and a length typically ranging from 34 to 48 feet.<sup>24</sup> Casing provides a firm foundation for the drill string<sup>25</sup> by supporting the walls of the hole to prevent caving in, both during drilling and after the well is completed. After the casing is set, concrete is usually pumped between the outside of the casing and the wall of the hole to provide a secure anchor.

Casing also serves as a surface pipe designed to prevent contamination of the recoverable oil and gas by surface water, gas, sand, or limestone. Casing must be sufficiently strong to carry its own weight and to resist both external pressure and pressure within the well. Casing can be threaded at both ends and connected with other casing pieces with couplings or connectors. Larger wells require a string of concentric layers of casing rather than a single casing because a limited amount of open hole can be drilled at any one time. Several sizes of casing may be set inside the well after it has been drilled, with the larger sizes set at the top of the well and the smaller sizes set toward the bottom.

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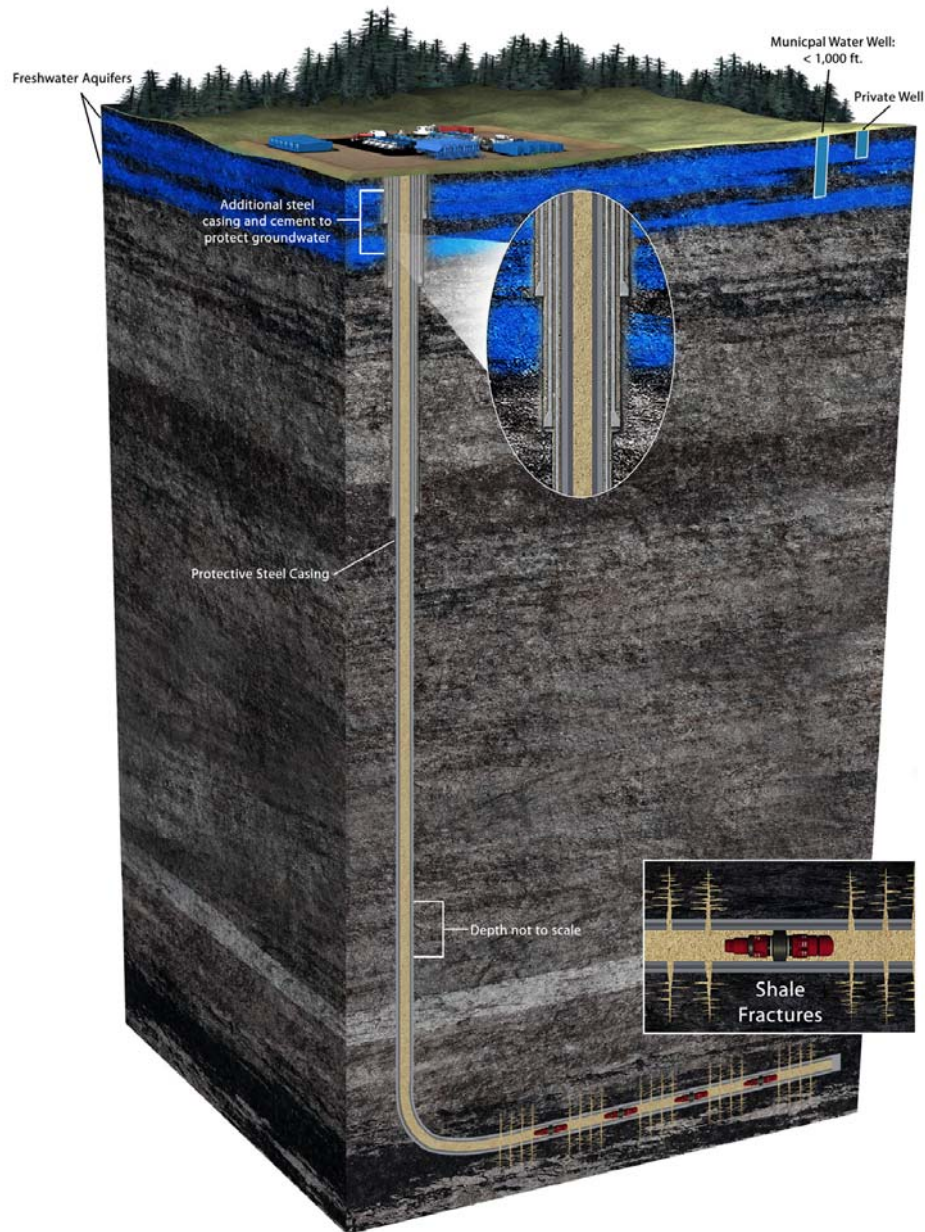
<sup>22</sup> In a hydraulic fracture process, water, chemical, and sand are injected at high pressure through the holes of the pipe into the surrounding shale, fracturing it and thereby allowing more gas from the shale to enter the pipe, found at <http://www.earthworksaction.org/FracingDetails.cfm>, retrieved December 12, 2009.

<sup>23</sup> Vello A. Kuuskraa, *Unconventional Natural Gas: Industry Savior or Bridge?* 2006 EIA Outlook and Modeling Conference, March 27, 2006, Washington, DC, p. 24.

<sup>24</sup> American Iron and Steel Institute, Instructions for Reporting Steel Shipment Statistics, January 1988, and ANSI/API specification 5CT, Eighth Edition, July 1, 2005.

<sup>25</sup> The drill string is composed of three types of nonsubject products: drill pipes, drill collars, and the drill bit.

**Figure 9**  
**Casing and tubing: Horizontal drilling and hydraulic fracturing**



Source: American Petroleum Institute (API), "The Facts About Hydraulic Fracturing and Seismic Activity," 2013.

Tubing is a smaller-diameter pipe (between 1.050 and 4.500 inches in O.D.) installed inside a larger-diameter casing that is used to conduct the oil or gas to the surface either through natural flow or through pumping.<sup>26</sup> Substances (such as lubricant) are also pumped into the well through the tubing for well treatment. Tubing must be strong enough to support its own weight, that of the oil or gas, and that of any pumping equipment suspended on the string. Tubing, like casing, is usually produced in accordance with API specification 5CT.<sup>27</sup>

Coupling stock is a seamless tubular product used to make a coupling blank which, in turn, is used to produce coupling.<sup>28</sup> Coupling is a thick-walled and internally threaded cylinder that is used for joining two lengths of threaded pipe. Coupling typically accounts for 2 to 3 percent of the weight of end-finished tubing or casing.

### **Manufacturing processes<sup>29</sup>**

The manufacturing process for casing and tubing includes forming and finishing phases. The forming phase takes place entirely at the manufacturing facility or mill. Finishing, by contrast, may take place at the mill or at a processing or threading facility.

#### **Forming phase**

OCTG mills manufacture casing and tubing either by the seamless process or by the electric-resistance-welding (“ERW”) process, a lower-cost method than the seamless process,

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<sup>26</sup> American Iron and Steel Institute, Instructions for Reporting Steel Shipment Statistics, January 1988.

<sup>27</sup> API specification 5CT designates grades for both casing and tubing. These grades include a letter (e.g., H, J, K) which typically corresponds to a minimum tensile strength level (with “H” being the weakest and “Q” the strongest), followed by a number (e.g., 55, 80). The number specifies the minimum yield strength in thousands of pounds per square inches (psi) of the pipe material. Thus, grade J55 or K55 requires that the subject OCTG have minimum yield strength of 55,000 psi but differs in minimum tensile strength. An OCTG grade may include several types. Each specific grade, in combination with a specific type (e.g., grade L80, type 9 Cr), is required to have certain mechanical properties (including yield strength), chemical compositions, methods of production (seamless or welded), heat treatments, testing procedures, and other engineering specifications, depending on customers’ requirements. For example grade L80, type 1 contains no chromium, can be seamless or welded, and the pipe has to be quenched and tempered. Grade L80, type 9 Cr must contain between 8 to 10 percent chromium by weight, is seamless, tempered and quenched. Certain OCTG must be heat treated to achieve particular physical characteristics and grade. For example, to reduce system weight by using thinner-walled pipe, well operators employ a light-walled high-strength casing made from high-grade steel.

<sup>28</sup> Coupling blank, as the name implies, is not threaded.

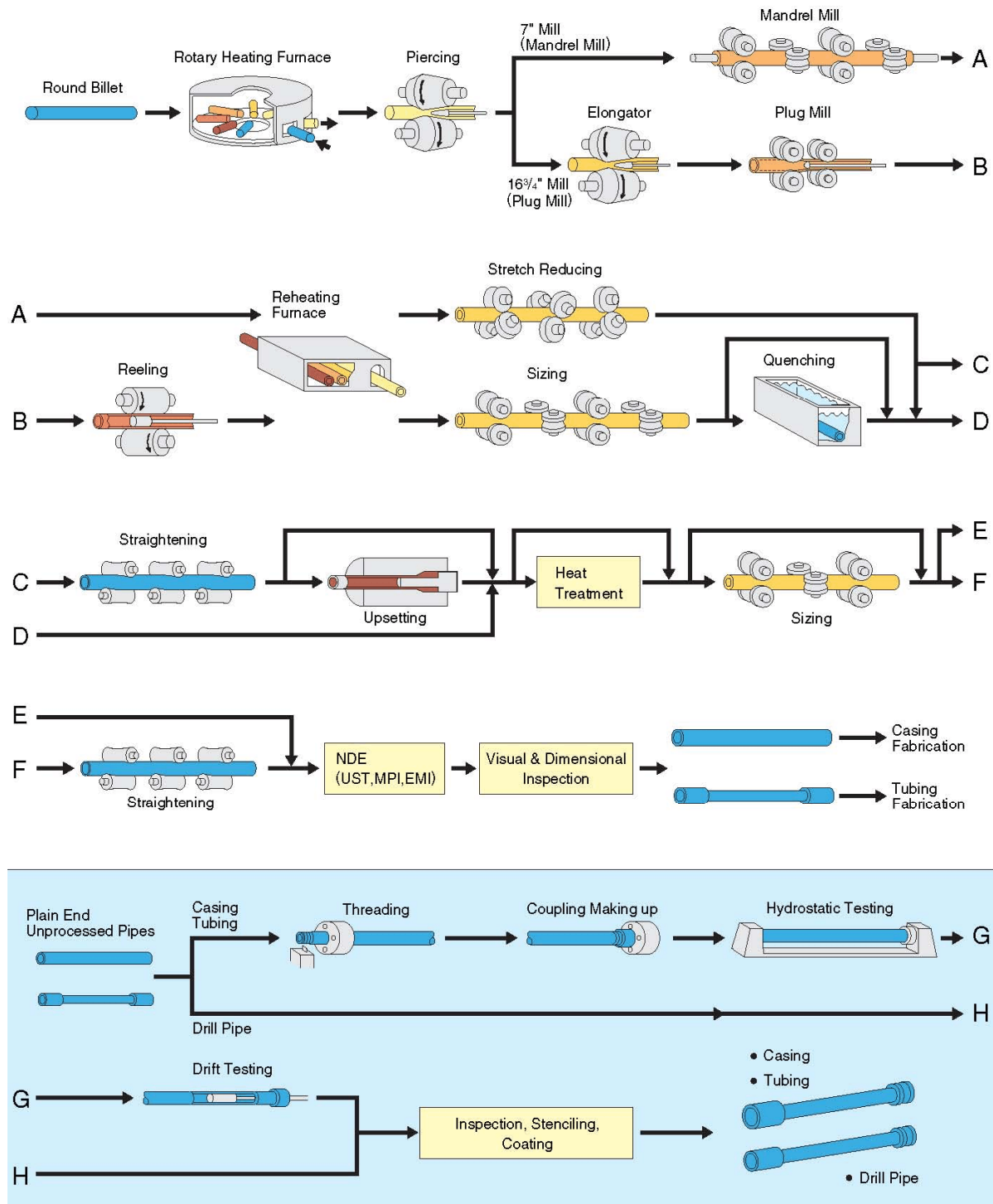
<sup>29</sup> *Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam, 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final)*, USITC Publication 4489, September 2014, pp. I-21 through I-28.

depending on the service requirements. By contrast, mills manufacture coupling stock for OCTG couplings exclusively through the seamless process.

**Seamless OCTG** is manufactured by either of two high-temperature methods to form a central cavity in a solid steel billet; namely, the rotary piercing method and the hot extrusion method. Round or square billets serve as the input for seamless tubing (figure 10). If a square billet is used, it is first forced through a circular roll pass, which transformed the billet from square to round for the piercing operation. In the *rotary piercing method*, the heating billet is gripped by angled rolls, which cause the billet to rotate and advance over a piercer point, forming a hole through the length of the billet. In the *extrusion method*, the billet is hot punch-pierced and then extruded axially through a die and over a mandrel, forming a hollow shell. The hollow shell produced by either method is then rolled with a fixed plug or with a continuous mandrel inside the shell to reduce the wall thickness and increase the shell's length. Finally, the shell is rolled in a sizing mill or a stretch-reducing mill where it is formed to size.

**Welded OCTG** is manufactured from steel sheet in coil form (figure 11). The steel sheet is slit to the width that corresponds to the desired diameter of tube. The slit sheet passes through a series of rollers while at ambient temperature and forms a tubular shape. The edges are then heated by electric resistance and welded together by heat and pressure, without the addition of filler metal. The welding pressure causes some of the metal to be squeezed from the welding joint, forming a bead of metal on the inside and outside of the tube. This bead, or welding flash, is usually trimmed from both the outside and the inside surfaces.

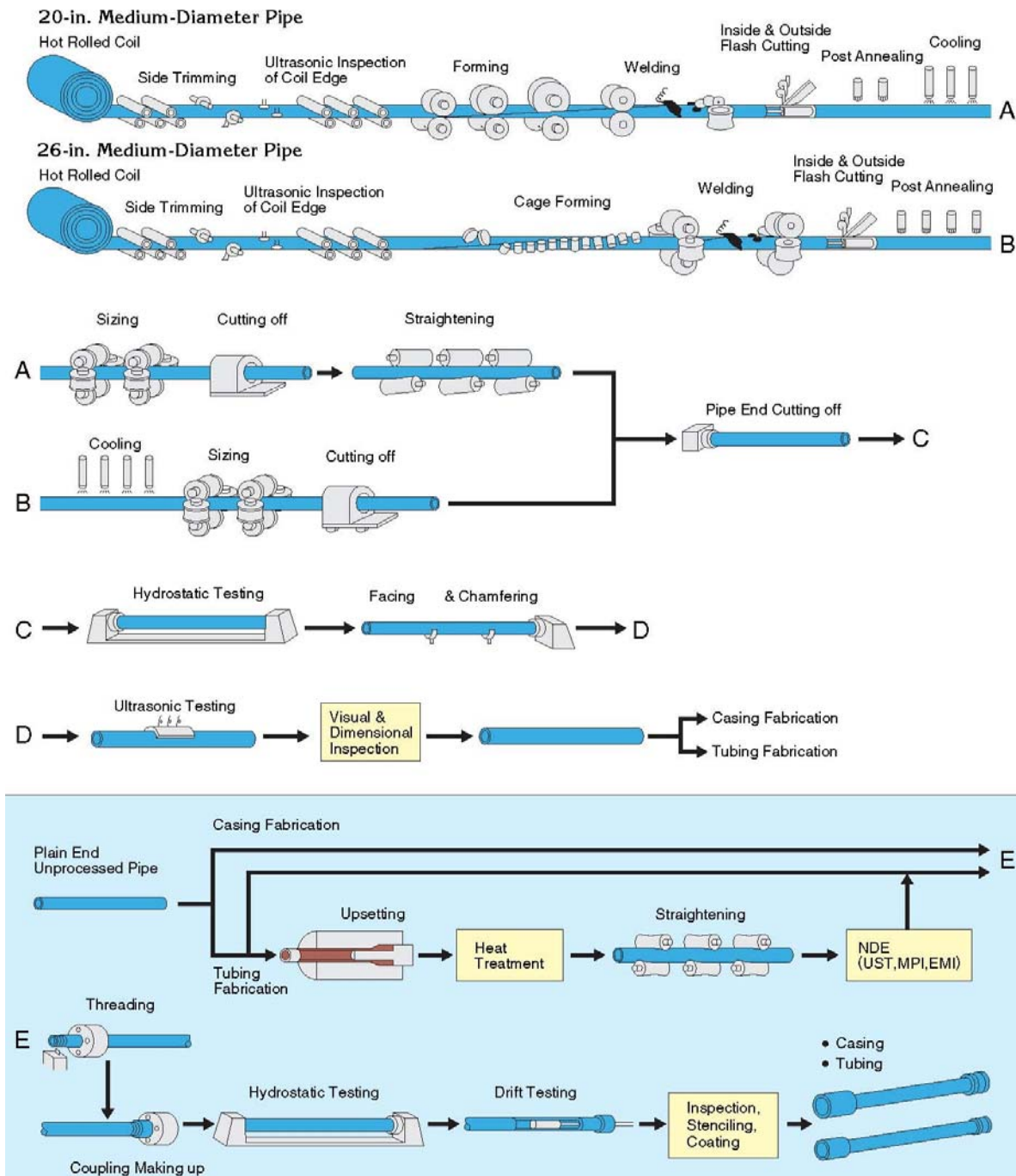
**Figure 10**  
**Casing and tubing: Seamless manufacturing process**



Source: JFE Steel Corporation, OCTG (Product Catalog).



**Figure 11**  
**Casing and tubing: General schematic of the ERW manufacturing process**



Source: JFE Steel Corporation, OCTG (Product Catalog).



## Finishing phase

After the forming phase, the pipe body is heat-treated, and its ends upset, threaded and coupled, as needed. U.S. pipe mills are typically equipped with the facilities necessary to perform these processes. Independent processors operate facilities that are capable of full-body heat treatment, and may upset pipe ends.<sup>30</sup> Threaders are capable of threading and coupling, hydrostatic testing, and measuring the length of OCTG products. Some processors and threaders may also manufacture couplings that become part of finished OCTG. Processors and threaders mainly serve imports,<sup>31</sup> since OCTG are often imported with plain ends, and are heat-treated, upset, and threaded in the United States. This approach provides the flexibility to offer casing and tubing in compliance with a variety of specifications, thus allowing them to serve a wide range of consumer needs.<sup>32</sup>

### Heat treatment

In the steel manufacturing process, specific engineering characteristics and mechanical properties of the steel can be achieved through the application of different heat treatments.<sup>33</sup>

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<sup>30</sup> API defines a processor as, “firm, company, or corporation that operates facilities capable of heat treating pipe made by a pipe mill.” Most processors typically perform threading operations, although many threaders do not perform processing operations. Discussion of independent threaders is limited in this report, as the Commission in recent OCTG investigations and reviews has not deemed independent threaders to be part of the domestic industry producing casing and tubing. *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico, Investigation Nos. 731-TA-711 and 713-716 (Second Review)*, USITC Publication 3923, June 2007, p. 9. *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, January 2010, p. I-18.

<sup>31</sup> *Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam, 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final)*, USITC Publication 4489, September 2014, pp. I-21 through I-28.

<sup>32</sup> *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, January 2010, p. I-18.

<sup>33</sup> During the steel making process, certain alloys are added to the mix to achieve the desired characteristics. The American Iron and Steel Institute specifies three broad categories of steels, depending on their chemical compositions: (1) The first group is carbon steels containing by weight 2 percent or less of carbon. Carbon steel is used in standard applications. (2) The second group is stainless steels containing by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements and a minimum of 50 percent iron. These steels are used in applications requiring resistance to oxidation and corrosion. These products are excluded from the subject investigations. (3) Alloy steels are those that are not classified as carbon or stainless steels and have specified maximum contents of elements including manganese, silicon, copper, nickel, lead or any other elements added to obtain a desired alloying effect. Depending on the specific applications, OCTG are required to be made from a specific category of steel as determined by its grades and types. For standard operations, OCTG of grades H40, J55, K55, and N80 are used. For severe services including harsh weather or high stress operations, higher grades of OCTG are required. Specification for API

(continued...)

Heat treating may involve one or more heating cycles in either a continuous or batch furnace, with controlled rates of cooling. Specific heat treating requirements depend on the grade of steel being processed. For welded pipe, the heat treatment may cover the welded seam only, or the full cross-section of the pipe. API standards specify a documented procedure for every particular grade and type of pipe.<sup>34</sup> API-specific heat treatment processes in the production of casing and tubing including annealing, normalizing, and quench and tempering.<sup>35</sup>

Annealing is a single heat treatment process that prepares the steel for fabrication or service. The steel is heated to a temperature in or near a specific range, and cooled at a predetermined rate or cycle. Annealing relieves internal residual stresses or hardness induced by welding, by cold working, or by machining.

In the normalizing process, the pipe is heated above a specific temperature, held at this temperature for a specified time, and then air-cooled. Normalizing refines the steel grain size and obtains a carbide size and distribution that is more suitable for future heat treatment than the as-rolled structure.<sup>36</sup>

Quenching and tempering is a sequential process in which the pipe is heated to a specific temperature for a specified time period to modify the steel's microstructure, and then "quenched" in a cooling medium such as water, oil, or air, depending on the thickness of the pipe. After quenching, the steel is very brittle and must be reheated and then cooled under specific conditions. This process is called "tempering."<sup>37</sup> The pipe must undergo a specified process of quenching and tempering in order to qualify for certain API grades.

Depending on the pipe design, API standards may specify a single heat treatment process or combination of processes for the pipe, such as normalizing and tempering, or quenching and tempering. After heat treatment, sizing rolls shape the tube to accurate diameter tolerances. The product is cooled and then cut to length at the end of the tube mill.<sup>38</sup>

Coupling stock is made to the same grade and type specifications as casing and tubing. It must also be subject to the same heat treatment as pipe, except where specified by the purchaser.

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(...continued)

grades are found in API, Specification for Casing and Tubing (U.S. Customary Units), API Specification 5CT, 1995.

<sup>34</sup> American Petroleum Institute, Specification for Casing and Tubing (U.S. Customary Units), *API Specification 5CT*, Fifth Edition, April 1, 1995, table 1: Process of Manufacture and Heat Treatment, p. 5.

<sup>35</sup> American Iron and Steel Institute, *Steel Product Manual, Steel Specialty Tubular Products*, October 1980, p. 26.

<sup>36</sup> United States Steel, "Principles of Heat Treatment of Steel," in *The Making, Shaping, and Treating of Steel*, 10th ed. (Pittsburgh, PA: Herbeck & Held, 1985), p. 1262.

<sup>37</sup> These processes are specified by the American Petroleum Institute, Specification for Casing and Tubing (U.S. Customary Units), *American Petroleum Institute Specification 5CT*, Fifth Edition, April 1, 1995, table 1, p. 5.

<sup>38</sup> United States Steel, "Principles of Heat Treatment of Steel," in *The Making, Shaping, and Treating of Steel*, 10th ed. (Pittsburgh, PA: Herbeck & Held, 1985), p. 1029.

## *Upsetting and threading*

Casing and tubing are finished by threading and the attachment of a suitable coupling to one end of each length. If additional strength in the joint is required, such as for some casing or tubing that is subject to severe or sour service,<sup>39</sup> the ends of the pipe are upset before threads are cut. In the upsetting process, the end of the pipe is heated to forging temperature, and then inserted endwise into an upsetting machine. The machine pushes the hot metal back, creating a thicker wall at the end of the pipe. The upsetting may be controlled to displace the extra thickness to the inside or the outside of the pipe.

Casing and tubing can be joined directly using male (outer) and female (inner) threading, or by using couplings with female threads on each end.<sup>40</sup> Typically, the pipe is mounted on a lathe and threads are cut by using sharp steel cutting tools (called chasers), which are mounted on a threading die surrounding the pipe. As the pipe is turned on the lathe, the threading die moved along the pipe's axis, producing the required spiral cut on the inner or outer surface of the pipe. Threading can be made to meet API standards, or made to proprietary standards that are designed, registered, and protected by patents or other intellectual property rights mechanism and that are not specified by API standards. For instance, OCTG producers may market proprietary "semi-premium" or "premium" threaded connections that provide higher torsional loads, bending resistance, or greater ability-to-seal for casing in challenging drilling environments.<sup>41</sup> Premium threaded connections generally refer to OCTG connections that have a metal-to-metal, gas-type seal to ensure pressure integrity. Semi-premium connections generally refer to connections that do not have a metal-to-metal seal, yet maintain water-type ability-to-seal, and thus may be used in less demanding wells with no gas-type ability-to-seal requirements. Examples of threaded and coupled semi-premium and premium connections are

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<sup>39</sup> Sour crude oil or sour gas is defined as an oil/gas containing common impurities such as water, carbon dioxide, hydrogen sulfide, and oxygen, which are mixed in with the oil/gas during extraction. These impurities corrode or cause cracking in steel; albeit, without any observable change in appearance prior to failure.

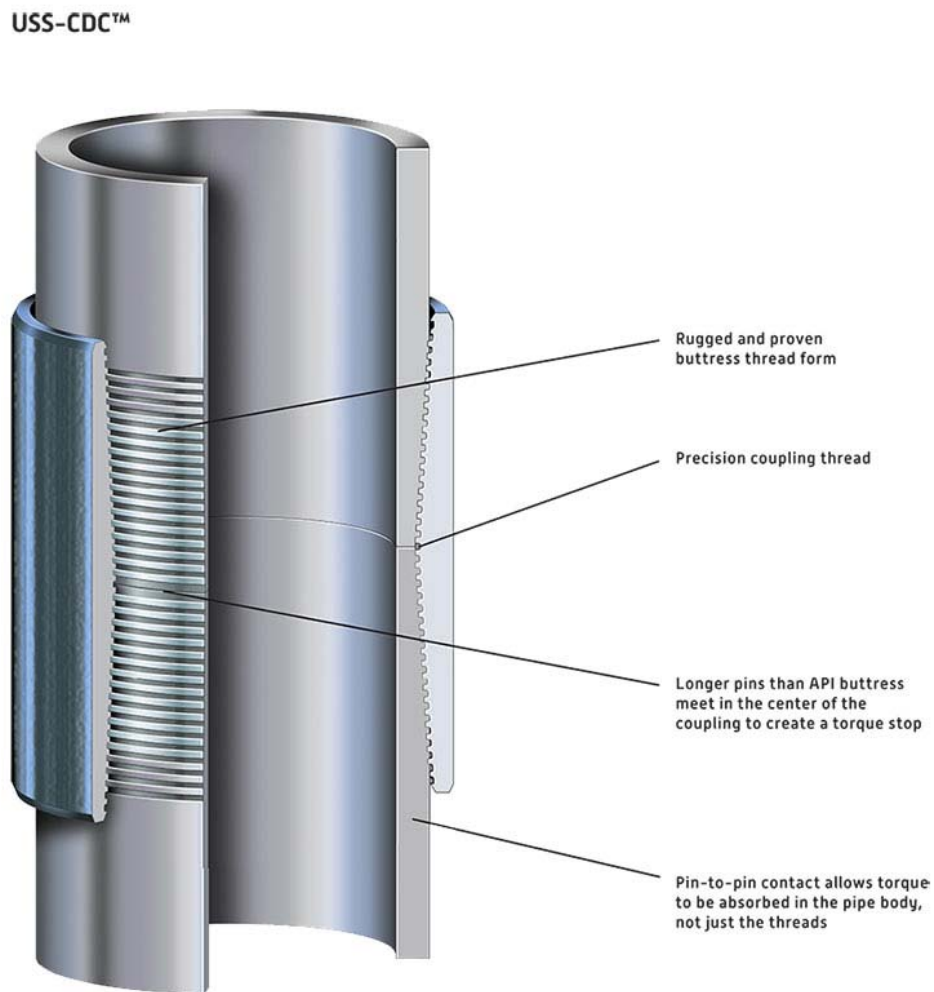
<sup>40</sup> Some drive pipes or surface pipes that are connected together by a few joints near the ground surface can be welded together.

<sup>41</sup> For instance, U.S. Steel and EnergeX Tube produce and market various semi-premium connections. See, for example, U.S. Steel Tubular Products website, "Semi-Premium OCTG Connections," found at <http://usstubular.com/octg-products-and-services/octg-connections/semi-premium-connections> (retrieved June 26, 2014); and EnergeX Tube website, "Semi-Premium Connections," found at <http://www.energextube.com/semi-premium-connections> (retrieved June 26, 2014). U.S. Steel, Vallourec, and Tenaris produce and market various premium connections. See, for example, U.S. Steel Tubular Products website, "Premium OCTG Connections," found at <http://usstubular.com/octg-products-and-services/octg-connections/premium-connections-metal-to-metal-seal> (retrieved June 26, 2014); Vallourec website, "VAM Product Lines," found at <http://www.vam-usa.com/vam-product-lines.aspx> (retrieved June 26, 2014); and Tenaris website, "Premium Connections," found at <http://www.tenaris.com/en/Products/PremiumConnections.aspx> (retrieved June 26, 2014).

shown in figures 12 and 13. After threading, a thread protector is applied to the threaded pipe ends during handling, transportation, or storage.<sup>42</sup>

**Figure 12**

**Casing and tubing: Threaded and coupled semi-premium connection**



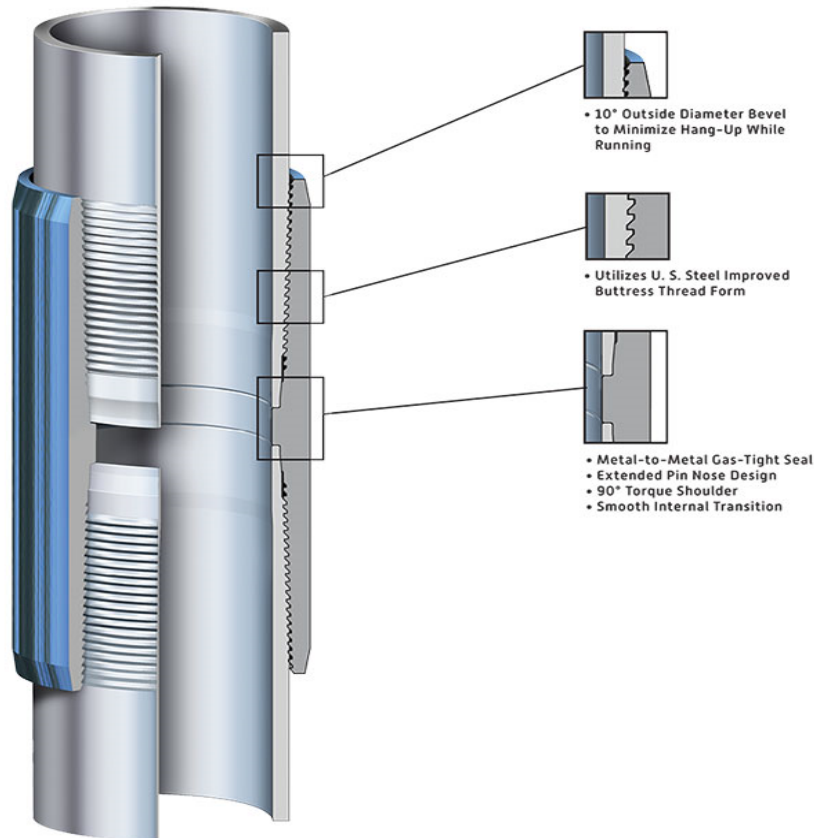
Source: U.S. Steel Tubular Products, found at <http://usstubular.com/octg-products-and-services/octg-connections>, retrieved June 18, 2014.

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<sup>42</sup> Threading can be performed after transportation to avoid damage caused by movement, water, or weather. Damaged threads can cause expensive ruptures of the pipe string in casing and tubing applications where pipes are connected to one another by threaded joints.

**Figure 13**  
**Casing and tubing: Threaded and coupled premium connection**

USS-Patriot EBM™



Source: U.S. Steel Tubular Products, found at <http://usstubular.com/octg-products-and-services/octg-connections>, retrieved June 18, 2014.

## U.S. TARIFF TREATMENT

The imported OCTG subject to these investigations are classified in the 2014 Harmonized Tariff Schedule of the United States (“HTSUS”) in subheadings 7304.29, 7305.20, and 7306.29, casing and tubing of a kind used in drilling for oil and gas.<sup>43</sup> The HTSUS provisions

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<sup>43</sup> As of February 3, 2007, the HTS classifies stainless steel separate from “alloy” steel for casing and tubing. The basic structure of the classification system was maintained, but there was renumbering of the six digit subheadings to maintain separate classifications of stainless steel and other alloy steel. The merchandise covered by the investigations is currently imported under the following HTSUS statistical reporting numbers: 7304.29.1010, 7304.29.1020, 7304.29.1030, 7304.29.1040, 7304.29.1050, 7304.29.1060, 7304.29.1080, 7304.29.2010, 7304.29.2020, 7304.29.2030, 7304.29.2040, 7304.29.2050, (continued...)

are provided for convenience and customs purposes only; the written description of the scope of these investigations is dispositive. The column 1-general (most-favored-nation) rate of duty for the enumerated subheadings, applicable to products subject to the investigations, is free.

## THE DEFINITION OF THE DOMESTIC LIKE PRODUCT

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original determination, the Commission found a single like product, consisting of all OCTG, that was co-extensive with the scope of the investigation.<sup>44</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product. According to their response to the notice of institution, the domestic interested parties concur with this definition.<sup>45</sup>

## THE ORIGINAL INVESTIGATIONS

### THE ORIGINAL INVESTIGATION

The original investigations resulted from petitions filed on April 8, 2009 with Commerce and the Commission by Maverick, Houston, TX; U.S. Steel, Pittsburgh, PA; V&M Star LP (“V&M Star”), Houston, TX; V&M Tubular Corporation of America (“V&M TCA”)<sup>46</sup>, Houston, TX; TMK

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(...continued)

7304.29.2060, 7304.29.2080, 7304.29.3110, 7304.29.3120, 7304.29.3130, 7304.29.3140, 7304.29.3150, 7304.29.3160, 7304.29.3180, 7304.29.4110, 7304.29.4120, 7304.29.4130, 7304.29.4140, 7304.29.4150, 7304.29.4160, 7304.29.4180, 7304.29.5015, 7304.29.5030, 7304.29.5045, 7304.29.5060, 7304.29.5075, 7304.29.6115, 7304.29.6130, 7304.29.6145, 7304.29.6160, 7304.29.6175, 7305.20.2000, 7305.20.4000, 7305.20.6000, 7305.20.8000, 7306.29.1030, 7306.29.1090, 7306.29.2000, 7306.29.3100, 7306.29.4100, 7306.29.6010, 7306.29.6050, 7306.29.8110, and 7306.29.8150. In addition, Commerce states that OCTG coupling stock covered by the investigations may also enter under the following HTSUS statistical reporting numbers: 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.39.0076, 7304.39.0080, 7304.59.6000, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, 7304.59.8070, and 7304.59.8080.

<sup>44</sup> No party objected to the domestic like product definition in the original investigations, *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, (Jan. 2010), p. 6.

<sup>45</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, December 31, 2014, p. 24.

<sup>46</sup> V&M Star and V&M TCA were rebranded as Vallourec Star L.P. (member of the domestic interested parties) in 2013. “Vallourec steel-tubing maker rebrands global subsidiaries.” Houston Business Journal, May 28, 2013, <http://www.bizjournals.com/houston/news/2013/05/28/vallourec-rebrands-north-american.html>, accessed on February 18, 2015.

IPSCO, Camanche, IA; Evraz Rocky Mountain Steel, Pueblo, CO; Wheatland Tube Corp., Wheatland, PA; and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, Pittsburgh, PA. Data compiled during the original investigations are presented in appendix C.

## PRIOR RELATED INVESTIGATIONS

OCTG has been the subject of several Commission investigations. Table 3 presents a listing of these investigations.

**Table 3**

**OCTG: Previous and related investigations, since 1984**

Original investigation				Commission reviews		Current status
Date	Number	Country	Outcome	Dates <sup>1</sup>	Outcomes	
1984	701-TA-215	Brazil	Affirmative	-	-	ITA revoked 8/21/85
1984	701-TA-216	Korea	Negative	-	-	-
1984	701-TA-217	Spain	Affirmative	-	-	ITA revoked 7/31/85
1984	731-TA-191	Argentina	Negative	-	-	-
1984	731-TA-192	Brazil	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1984	731-TA-193	Korea	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1984	731-TA-194	Mexico	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1984	731-TA-195	Spain	Affirmative	-	-	ITA revoked 6/30/85
1985	701-TA-240	Austria	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1985	701-TA-241	Venezuela	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1985	701-TA-255	Canada	Affirmative	-	-	ITA revoked 7/10/91
1985	701-TA-256	Taiwan	Negative	-	-	-
1985	731-TA-249	Austria	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1985	731-TA-251	Venezuela	Affirmative <sup>2</sup>	-	-	Petition withdrawn
1985	731-TA-275	Argentina	Affirmative <sup>2</sup>	-	-	Terminated
1985	731-TA-276	Canada	Affirmative	1999 / -	Negative / -	Revoked
1985	731-TA-277	Taiwan	Affirmative	1999 / -	Negative / -	Revoked
1986	701-TA-271	Israel	Affirmative	-	-	ITA revoked 3/1/93
1986	731-TA-318	Israel	Affirmative	-	-	ITA revoked 7/27/99

Table continued on next page.

**Table 3--Continued**

**OCTG: Previous and related investigations, since 1984**

Original investigation				Commission reviews		Current status
Date	Number	Country	Outcome	Dates <sup>1</sup>	Outcomes	
1995	701-TA-363	Austria	Negative	-	-	-
1995	701-TA-364	Italy	Affirmative	2001 / -	Affirmative / -	ITA revoked 12/26/06
1995	731-TA-711	Argentina	Affirmative	2001 / 2006	Affirmative/Negative	Revoked
1995	731-TA-712	Austria	Negative	-	-	-
1995	731-TA-713	Italy	Affirmative	2001 / 2006	Affirmative/Negative	Revoked
1995	731-TA-714	Japan	Affirmative	2001 / 2006	Affirmative/Negative	Revoked
1995	731-TA-715	Korea	Affirmative	2001 / 2006	Affirmative/Negative	Revoked
1995	731-TA-716	Mexico	Affirmative	2001 / 2006	Affirmative/Negative	Revoked
1995	731-TA-717	Spain	Negative	-	-	-
2002	701-TA-428	Austria	Negative <sup>2</sup>	-	-	-
2002	731-TA-992	Austria	Negative <sup>2</sup>	-	-	-
2002	731-TA-993	Brazil	Negative <sup>2</sup>	-	-	-
2002	731-TA-994	China	Negative <sup>2</sup>	-	-	-
2002	731-TA-995	Colombia	( <sup>3</sup> )	-	-	-
2002	731-TA-996	France	Negative <sup>2</sup>	-	-	-
2002	731-TA-997	Germany	Negative <sup>2</sup>	-	-	-
2002	731-TA-998	India	Negative <sup>2</sup>	-	-	-
2002	731-TA-999	Indonesia	Negative <sup>2</sup>	-	-	-
2002	731-TA-1000	Romania	Negative <sup>2</sup>	-	-	-
2002	731-TA-1001	South Africa	Negative <sup>2</sup>	-	-	-
2002	731-TA-1002	Spain	Negative <sup>2</sup>	-	-	-
2002	731-TA-1003	Turkey	Negative <sup>2</sup>	-	-	-
2002	731-TA-1004	Ukraine	Negative <sup>2</sup>	-	-	-
2002	731-TA-1005	Venezuela	Negative <sup>2</sup>	-	-	-
2009	701-TA-463	China	Affirmative	-	-	Order in place
2009	731-TA-1159	China	Affirmative	-	-	Order in place

Table continued on next page.



**Table 3--Continued****OCTG: Previous and related investigations, since 1984**

Original investigation				Commission reviews		Current status
Date	Number	Country	Outcome	Dates <sup>1</sup>	Outcomes	
2013	701-TA-499	India	Affirmative	Not applicable	Not applicable	Order in place
2013	701-TA-500	Turkey	Affirmative	Not applicable	Not applicable	Order in place
2013	731-TA-1215	India	Affirmative	Not applicable	Not applicable	Order in place
2013	731-TA-1216	Korea	Affirmative	Not applicable	Not applicable	Order in place
2013	731-TA-1217	Philippines	Negative <sup>4</sup>	Not applicable	Not applicable	-
2013	731-TA-1218	Saudi Arabia	Terminated <sup>5</sup>	Not applicable	Not applicable	-
2013	731-TA-1219	Taiwan	Affirmative	Not applicable	Not applicable	Order in place
2013	731-TA-1220	Thailand	Negative <sup>4</sup>	Not applicable	Not applicable	-
2013	731-TA-1221	Turkey	Affirmative	Not applicable	Not applicable	Order in place
2013	731-TA-1222	Ukraine	Affirmative	Not applicable	Not applicable	Order in place
2013	731-TA-1223	Vietnam	Affirmative	Not applicable	Not applicable	Order in place

<sup>1</sup> "Date" or "Dates" refers to the year in which the investigation, first review, or second review was instituted by the Commission.

<sup>2</sup> Preliminary determination.

<sup>3</sup> Following the withdrawal of the petition on Colombia and Commerce's decision not to institute an investigation on OCTG from that country, the Commission discontinued its investigation No. 731-TA-995 (OCTG from Colombia).

<sup>4</sup> Final determination.

<sup>5</sup> Investigation terminated after Commerce made a final determination of *de minimis* sales at less than fair value.

Source: Compiled from Commission determinations published in the Federal Register.

### Safeguard investigations

Following receipt of a request from the Office of the United States Trade Representative ("USTR") on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974<sup>47</sup> to determine whether certain steel products, including seamless and welded OCTG,<sup>48</sup> were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic

<sup>47</sup> 19 U.S.C. § 2252.

<sup>48</sup> Seamless and welded casing and tubing, as well as seamless drill pipe, were found to be a single "like or directly competitive" product by Chairman Stephen Koplan, Vice Chairman Deanna Tanner Okun, and Commissioners Marcia E. Miller and Jennifer A. Hillman, while Commissioners Lynn M. Bragg and Dennis M. Devaney found seamless and welded OCTG to be part of broader product groupings including all seamless carbon and alloy steel tubular products and all welded carbon and alloy steel tubular products, respectively. *See, e.g., Steel, Inv. No. TA- 201-73, Volume I: Determinations and Views of Commissioners*, USITC Publication 3479, December 2001, pp. 17-18; 152-154; 274-275; and 318-319.

industries producing articles like or directly competitive with the imported article.<sup>49</sup> On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate (“Senate Finance Committee” or “Committee”) requesting that the Commission investigate certain steel imports under section 201 of the Trade Act of 1974.<sup>50</sup> Consistent with the Senate Finance Committee’s resolution, the Commission consolidated the investigation requested by the Committee with the Commission’s previously instituted investigation No. TA-201-73.<sup>51</sup> On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission made a negative determination with respect to OCTG.<sup>52</sup> The Commission also made a negative determination with respect to seamless tubular products other than OCTG.<sup>53</sup>

## ACTIONS AT COMMERCE

### FINAL DETERMINATIONS AND ADMINISTRATIVE REVIEWS

The countervailing duty rates calculated by Commerce in the final phase of the original investigation ranged from 10.49 percent to 15.78 percent for individual firms, and was 13.41 percent for all others.<sup>54</sup> Commerce has completed two countervailing duty administrative reviews with regard to subject imports of OCTG from China. The first review was for the period January 1, 2011 – December 31, 2011, and found subsidy rates of 1.95 percent and the rate 13.54 percent for individual firms.<sup>55</sup> The second review was for the period January 1, 2012 – December 31, 2012, and found subsidy rates of 1.49 percent and 59.29 percent for individual firms.<sup>56</sup>

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<sup>49</sup> *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act)*, 66 FR 35267, July 3, 2001.

<sup>50</sup> 19 U.S.C. § 2251.

<sup>51</sup> *Consolidation of Senate Finance Committee Resolution Requesting a Section 201 Investigation with the Investigation Requested by the United States Trade Representative on June 22, 2001*, 66 FR 44158, August 22, 2001.

<sup>52</sup> *Steel; Import Investigations*, 66 FR 67304, December 28, 2001. Specifically, Chairman Koplan, Vice Chairman Okun, and Commissioners Miller and Hillman made a negative determination with respect to OCTG, while Commissioners Bragg and Devaney dissented, having made affirmative determinations with respect to all seamless carbon and alloy steel tubular products and all welded carbon and alloy steel tubular products.

<sup>53</sup> *Ibid.* This product includes coupling stock. *See* USITC Publication 3479, Vol. I, p. 13.

<sup>54</sup> *Certain Oil Country Tubular Goods From the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 3203, January 20, 2010.

<sup>55</sup> *Certain Oil Country Tubular Goods From the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2011*, 78 FR 49475, August 14, 2013.

<sup>56</sup> *Certain Oil Country Tubular Goods From the People’s Republic of China: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 52301, September 3, 2014.

The antidumping duty rates calculated by Commerce in the final phase of the original investigation was 32.07 percent for separate rate applicants and 99.14 for the PRC-wide entity.<sup>57</sup> Commerce has completed one antidumping duty administrative review with regard to subject imports from China, with a review period of May 19, 2010 – April 30, 2011. The review resulted in a dumping margin of 172.54 percent for one firm, Jiangsu Chengde.<sup>58</sup>

Commerce has not made duty absorption findings and has not conducted scope inquiries, anti-circumvention inquiries, or changed circumstances reviews since the antidumping and countervailing duty orders were imposed.

## **CURRENT FIVE-YEAR REVIEW RESULTS**

Commerce notified the Commission that it had not received adequate responses from respondent interested parties to its notice initiating the current five-year reviews of the antidumping duty order and countervailing duty order on imports of OCTG from China. Consequently, Commerce intends to conduct expedited reviews of the orders and to issue the final results of those expedited reviews by March 31, 2015.<sup>59</sup>

## **THE INDUSTRY IN THE UNITED STATES**

### **U.S. PRODUCERS**

At the time of the original investigations, the Commission issued producer questionnaires to 50 U.S. firms that maintain API certification to manufacture or process products in accordance with specification 5 CT, and received completed questionnaire responses from seven firms. The responding U.S. producers were believed to account for the large majority of U.S. OCTG operations and more than \*\*\* percent of U.S. mill production.<sup>60</sup>

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<sup>57</sup> *Certain Oil Country Tubular Goods From the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 75 FR 28551, Friday, May 21, 2010.

<sup>58</sup> *Certain Oil Country Tubular Goods From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2010–2011*, 77 FR 74644, December 17, 2012.

<sup>59</sup> Letter to Catherine DeFilippo, Director, Office of Investigations, U.S. International Trade Commission, from Irene Darzenta Trazfolias, Acting Director, Office II, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce International Trade Administration, January 15, 2015.

<sup>60</sup> *Investigation Nos. 701-TA-763 and 731-TA-1159 (Final): Certain Oil Country Tubular Goods from China—Staff Report*, INV-GG-113, December 18, 2009, p. III-1.

In response to the Commission's notice of institution in these current reviews, domestic interested parties reported that, in 2013, they accounted for \*\*\* percent of U.S. production of OCTG.<sup>61</sup> According to their response, there are eight other domestic producers of OCTG.<sup>62</sup>

## **DEFINITION OF THE DOMESTIC INDUSTRY AND RELATED PARTIES ISSUES**

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the domestic industry as consisting of all domestic producers of OCTG, which accounted for nearly all U.S. mill production of OCTG during the original investigations.<sup>63</sup>

In the original investigations, no domestic producer was related to an exporter or importer of OCTG from China. One U.S. producer, \*\*\*, imported OCTG from China during the original investigation and purchased Chinese OCTG.<sup>64</sup> No other producer was otherwise a related party as defined by the statute. The domestic interested parties indicated in their response to the notice of institution that they agree with the Commission's definition of the domestic industry.<sup>65</sup>

## **U.S. PRODUCERS' TRADE AND FINANCIAL DATA**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>66</sup> Table 4 presents a

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<sup>61</sup> *Domestic Interested Parties' Response to the Notice of Institution*, December 31, 2014, exh. 28. The estimate of share of U.S. production is based on U.S. mill production. Included in the investigations cited by the domestic interested parties is additional production data for U.S. stand-alone processors, which includes non-toll and toll processors. Their production was 783,266 short tons in 2013. *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Investigation Nos. 701-TA-499-500 and 731-TA-1215-1217 (Final), USITC Publication 4489, Sept. 2014, table C-1.

<sup>62</sup> *Domestic Interested Parties' Response to the Notice of Institution*, December 31, 2014, exh. 24. Three of these producers had mill operations and five were stand-alone processors. *Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam*, Investigation Nos. 701-TA-499-500 and 731-TA-1215-1217 (Final), USITC Publication 4489, Sept. 2014, table III-1.

<sup>63</sup> *Certain Oil Country Tubular Goods from China*, Investigation No. 701-TA-463 (Final), USITC Publication 4124, (Jan. 2010), p. 6. In the original investigations, data for U.S. mill and stand-alone processors' operations were not collected separately.

<sup>64</sup> These imports and purchases were \*\*\*. The Commission did not find that \*\*\* was a related party based on its purchases of subject merchandise nor on its imports of subject merchandise.

<sup>65</sup> *Domestic Interested Parties' Response to the Notice of Institution*, December 31, 2014, p. 25.

<sup>66</sup> Individual company trade and financial data are presented in Appendix B.

compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigations.

**Table 4**

**OCTG: Trade and financial data submitted by U.S. producers, 2006-08, and 2013**

Quantity=short tons; value=1,000 dollars; Unit values are per short ton				
Item	2006	2007	2008	2013
Capacity	4,294,830	4,238,435	4,469,087	***
Production	2,943,048	2,508,029	3,081,518	***
Capacity utilization	68.5	59.2	69.0	***
<b>U.S. commercial shipments:</b>				
Quantity	2,805,457	2,381,634	2,986,480	***
Value	4,166,873	3,304,828	6,184,818	***
Unit value	1,485	1,388	2,071	***
Net sales (\$1,000)	4,378,324	3,444,495	6,434,811	***
COGS (\$1,000)	2,964,845	2,593,617	4,001,065	***
COGS/Net Sales	67.7	75.3	62.2	***
Gross profit or (loss) (\$1,000)	1,413,479	850,878	2,433,746	***
SG&A expenses (loss) (\$1,000)	194,752	252,459	336,428	***
Operating income/(loss) (\$1,000)	1,218,727	598,419	2,097,318	***
Operating income (loss)/Net sales	27.8	17.4	32.6	***

*Source:* For the years 2006-08, data are compiled using data submitted in the Commission's original investigations. See appendix C. For the year 2013, data are compiled using data submitted by domestic interested parties. Domestic Interested Parties' Response to the Notice of Institution, December 31, 2014, exh. 1.

## **U.S. IMPORTS AND APPARENT CONSUMPTION**

### **U.S. IMPORTERS**

In the final phase of the original investigations, the Commission issued questionnaires to 156 firms believed to be importers of subject OCTG, as well as to all U.S. producers of OCTG. Usable questionnaire responses were received from 47 companies, representing 77.9 percent of total imports from China in 2008, under HTS subheadings 7304.29, 7305.20, 7306.20, and 7306.29.

In their response to the Commission's notice of institution in this review, domestic interested parties provided a list of 40 U.S. importers of OCTG.<sup>67</sup>

## U.S. IMPORTS

In its original investigations,<sup>68</sup> the Commission found the volume of subject imports to be significant both in absolute terms and relative to consumption in the United States. The Commission characterized the volume of subject imports as having "increased consistently over time regardless of whether demand was rising or falling."<sup>69</sup> The Commission noted that "the market share held by subject imports increased from 15.3 percent in 2006 to 32.7 percent in 2008, and was higher in interim 2009, at 37.0 percent, than in interim 2008, when it was 27.6 percent."<sup>70</sup> The Commission found "that the near cessation of subject imports at the end of the period examined resulted from the pendency of this investigation and the companion antidumping duty investigation on OCTG from China, as well as the slump in OCTG demand."<sup>71</sup> Furthermore, the Commission stated that "{a}bsent these investigations, the absolute and relative volumes of subject imports would likely have been greater in interim 2009."<sup>72</sup>

Table 5 presents the quantity, value, and unit value for imports from China, the six countries subject to the 2014 orders, and all other sources.

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<sup>67</sup> Given the limited quantities of imports of OCTG from China, it is unlikely that all 40 firms identified in the domestic interested parties' response to the notice of institution imported subject OCTG from China.

<sup>68</sup> In the Commissions' determination for the antidumping investigation, it adopted the findings and analyses in its earlier countervailing duty investigation concerning OCTG from China with respect to the domestic like product, the domestic industry, conditions of competition, material injury, and threat of material injury. *Certain Oil Country Tubular Goods from China, Investigation No. 731-TA-1159 (Final)*, USITC Publication 4152, (May 2010), pp. 3-4.

<sup>69</sup> *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, (January 2010), p. 16.

<sup>70</sup> *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, (January 2010), p. 17.

<sup>71</sup> *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, (January 2010), p. 18.

<sup>72</sup> *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, (January 2010), p. 18.

**Table 5**  
**OCTG: U.S. imports, 2009-13**

Item	2009	2010	2011	2012	2013
	<b>Quantity (short tons)</b>				
China	740,431	31,268	12,892	16,730	4,137
6 countries subject to 2014 orders <sup>1</sup>	173,302	827,853	1,184,147	1,602,366	1,594,193
All other sources	540,915	1,410,251	1,554,967	1,811,125	1,506,407
Total imports	1,454,648	2,269,373	2,752,005	3,430,220	3,104,737
	<b>Landed, duty-paid value (\$1,000)</b>				
China	1,105,787	28,440	13,001	17,476	3,963
6 countries subject to 2014 orders <sup>1</sup>	200,576	839,845	1,328,430	1,703,354	1,473,916
All other sources	1,190,968	2,148,884	2,513,110	3,122,766	2,343,235
Total imports	2,497,331	3,017,169	3,854,541	4,843,596	3,821,114
	<b>Unit value (dollars per short ton)</b>				
China	1,493	910	1,008	1,045	958
6 countries subject to 2014 orders <sup>1</sup>	1,157	1,014	1,122	1,063	925
All other sources	2,202	1,524	1,616	1,724	1,556
Total imports	1,717	1,330	1,401	1,412	1,231
	<b>Share of quantity (percent)</b>				
China	50.9	1.4	0.5	0.5	0.1
6 countries subject to 2014 orders <sup>1</sup>	11.9	36.5	43.0	46.7	51.3
All other sources	37.2	62.1	56.5	52.8	48.5
Total imports	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Six countries subject to 2014 orders are: India, Korea, Taiwan, Turkey, Ukraine, and Vietnam.

Note.--Because of rounding, figure may not add to total shown.

Source: Official statistics of Commerce for HTS subheadings 7304.29, 7305.20, 7306.20, and 7306.29.

## APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table 6 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table 7 presents data on U.S. market shares of U.S. apparent consumption.

**Table 6**

**Product: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2006-08, and 2013**

Item	2006	2007	2008	2013
<b>Quantity (<i>short tons</i>)</b>				
U.S. producers' U.S. shipments	2,805,457	2,381,634	2,986,480	***
U.S. imports from—				
China	725,027	860,711	2,197,556	4,137
All other	1,204,575	864,612	1,534,713	3,100,600
Total imports	1,929,601	1,725,323	3,732,269	3,104,737
Apparent U.S. consumption	4,735,058	4,106,957	6,718,749	***
<b>Value (<i>1,000 dollars</i>)</b>				
U.S. producers' U.S. shipments	4,166,873	3,304,828	6,184,818	***
U.S. imports from—				
China	681,292	811,542	2,805,206	3,963
All other	1,598,489	1,089,955	2,572,888	3,817,151
Total imports	2,279,781	1,901,497	5,378,094	3,821,114
Apparent U.S. consumption	6,446,654	5,206,325	11,562,912	***

*Source:* For the years 2006-08, data are compiled from official Commerce statistics used in the Commission's original investigations. *See appendix C.* For the year 2013, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheadings 7304.29, 7305.20, 7306.20, and 7306.29



**Table 7****Product: Apparent U.S. consumption and U.S. market shares, 2006-08, and 2013**

Item	2006	2007	2008	2013
<b>Quantity (short tons)</b>				
Apparent U.S. consumption	4,735,058	4,106,957	6,718,749	***
<b>Value (1,000 dollars)</b>				
Apparent U.S. consumption	6,446,654	5,206,325	11,562,912	***
<b>Share of consumption based on quantity (percent)</b>				
U.S. producer's share	59.2	58.0	44.4	***
U.S. imports from--				
China	15.3	21.0	32.7	***
All other sources	25.4	21.1	22.8	***
Total imports	40.8	42.0	55.6	***
<b>Share of consumption based on value (percent)</b>				
U.S. producer's share	64.6	63.5	53.5	***
U.S. imports from--				
China	10.6	15.6	24.3	<sup>1</sup>
All other sources	24.8	20.9	22.3	***
Total imports	35.4	36.5	46.5	***

<sup>1</sup> Less than 0.05 percent.

Source: For the years 2006-08, data are compiled using data submitted in the Commission's original investigations. See appendix C. For the year 2013, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheadings 7304.29, 7305.20, 7306.20, and 7306.29.

## THE INDUSTRY IN CHINA

### FOREIGN PRODUCERS

During the final phase of the original investigations, the Commission issued foreign producer/exporter questionnaires to 200 firms identified in the petition as producers or exporters of OCTG in China, for which contact information was publicly available. Sixteen firms provided responses to the Commission's questionnaires. The responding producers accounted for approximately \*\*\* percent of production capacity of OCTG and related tubular products in China during 2008, and approximately \*\*\* percent of exports from China of OCTG during 2008.<sup>73</sup> The responding producers of OCTG in China operated at capacity utilization levels ranging from 81.1 to 83.4 percent during 2006-08. Capacity utilization was 68.3 percent in January-September 2009 compared to 76.5 percent in January-September 2008. Home market shipments as a share of all shipments declined from 75.6 percent in 2006 to 59.6 percent in 2008. Home market shipments as a share of all shipments were 71.3 percent in January-September 2009 compared to 57.8 percent in January-September 2008. Exports to the United States as a share of total shipments increased from 10.0 percent in 2006 to 22.9 percent in 2008. Exports to the United States as a share of total shipments were 7.5 percent in January-September 2009 compared to 24.4 percent in January-September 2008. Exports to all other markets as a share of total shipments increased from 12.1 percent in 2006 to 15.1 percent in 2008. Exports to all other markets as a share of total shipments were 20.0 percent in January-September 2009 compared to 17.6 percent in January-September 2008.<sup>74</sup> Reported end of period inventories increased by \*\*\* percent from 2006 to 2008. Reported end of period inventories were less than \*\*\* percent higher in September 2009 compared to September 2008.<sup>75</sup>

The Commission did not receive any responses to the notice of institution in these reviews from foreign producers or exporters in China. The domestic interested parties provided a list of 207 firms in China that they believe produce OCTG in China. Publicly available information published by the World Steel Association (WSA) (table 8) shows that Chinese production of welded and seamless pipe tube has increased since 2009. As shown in table 9, the Chinese industry is the largest exporter of OCTG in the world.

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<sup>73</sup> *Investigation Nos. 701-TA-763 and 731-TA-1159 (Final): Certain Oil Country Tubular Goods from China—Staff Report*, INV-GG-113, December 18, 2009, p. VII-6.

<sup>74</sup> *Certain Oil Country Tubular Goods from China, Investigation No. 701-TA-463 (Final)*, USITC Publication 4124, (January 2010), table VII-4.

<sup>75</sup> *Investigation Nos. 701-TA-763 and 731-TA-1159 (Final): Certain Oil Country Tubular Goods from China—Staff Report*, INV-GG-113, December 18, 2009, table VII-4.

**Table 8****Welded and seamless pipe and fittings: China production, 2009-13**

Item	2009	2010	2011	2012	2013
	Quantity (1,000 short tons)				
Welded and seamless steel pipe and fittings <sup>1</sup>	58,658	62,533	70,154	78,467	87,953
Seamless steel pipe <sup>2</sup>	24,019	26,647	26,180	26,546	32,659
Welded steel pipe <sup>3</sup>	34,640	35,886	43,974	51,922	55,294

<sup>1</sup> The data presented in this table are for all pipe and tube and, as a result, are substantially overstated with respect to OCTG subject to these reviews.

<sup>2</sup> The data presented in this table are for all seamless steel pipe and tube and, as a result, are substantially overstated with respect to OCTG subject to these reviews.

<sup>3</sup> The data presented in this table are for all pipe and tube and, as a result, are substantially overstated with respect to OCTG subject to these reviews.

Note.-- Seamless production data from 2010 were reported to be 160,850 metric tons. This appears to be an error. The 2010 seamless data shown above were calculated by subtracting the published welded pipe production from the published total pipe production. Original data were published in metric tons, which were converted to short tons by multiplying by 1.10231.

Source: World Steel Association, Steel Statistical Yearbook, 2014, tables 26, 27, and 28, pp. 50-52.

## **ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS**

The European Union imposed definitive antidumping duties on non-subject welded pipe from Belarus, China, and Russia in December 2008.<sup>76</sup> In September 2009, the European Union imposed antidumping duties of 17.7 to 27.2 percent (“All others” rate of 39.2 percent) on seamless pipe and tube (including OCTG) from China. The product subject to the duty is “used in a wide variety of applications, like for mechanical uses (including automotive and engineering), in the construction business for piling, for power generation like boiler tubes, as oil country tubular goods (OCTG) used for drilling, casing and tubing in the oil industry, and as line pipes to transport liquids or gases.”<sup>77</sup>

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<sup>76</sup> The product at issue in the 2008 investigations was “welded tubes and pipes, of iron or non-alloy steel, of circular cross-section and of an external diameter not exceeding 168.3 mm, excluding line pipe of a kind used for oil or gas pipelines, casing and tubing of a kind used in drilling for oil or gas, precision tubes and tubes and pipes with attached fittings suitable for conducting gases or liquids for use in civil aircraft.” *Official Journal of the European Union*, Commission Regulation (EC), No. 926/2009, L 262/32, September 2009.

<sup>77</sup> *Official Journal of the European Union*, Commission Regulation (EC), No. 289/2009, L 94/48, April 2009.

In March 2008, Canada imposed duties of 37 to 91 percent on imports of seamless carbon or alloy steel oil and gas well casings from China.<sup>78</sup> In March 2010, Canada imposed antidumping duties of 13.85 to 106.43 percent ("All others" rate of 166.9 percent) on imports of OCTG from China.<sup>79</sup>

In October 2009, Russia reportedly concluded an antidumping duty investigation on steel pipe from China. The investigation found that Chinese market share of steel pipe increased from 8.9 percent in 2007 to 14 percent in 2008. Russia imposed a five-year antidumping duty of 28.1 percent on Chinese steel pipe.<sup>80</sup> As of July 2014, this particular duty on steel pipe from China was not listed with the WTO in the Semi Annual Report under Article 16.4.<sup>81</sup> However, in March 2014, the Russian Federation initiated an antidumping duty investigation on seamless steel oil country tubular goods from China (including HTS 7304.29).<sup>82</sup>

As on July 1, 2014, Mexico has imposed a definitive anti-dumping order on seamless steel tubing from China of US \$1,568.92/ton of product. The initial tariff was imposed on February 26, 2011.<sup>83</sup> Argentina reportedly instituted an antidumping duty investigation on steel pipe from China on November 4, 2009. However, the investigation resulted in no duties imposed as of 2014.<sup>84</sup>

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<sup>78</sup> Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Canada, G/ADP/N/173/CAN, September 22, 2008, p.2.

<sup>79</sup> Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Canada, G/ADP/N/202/CAN, September 22, 2010, p. 2.

<sup>80</sup> *Reuters*, "China slaps duties on U.S., Russian steel," December 10, 2009.

<sup>81</sup> Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Russian Federation, G/ADP/N/259/RUS, July 30, 2014, p.2.

<sup>82</sup> Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Russian Federation, G/ADP/N/259/RUS, July 30, 2014, p.2.

<sup>83</sup> Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Mexico, G/ADP/N/259/MEX, September 9, 2014, p.3,7.

<sup>84</sup> The scope of the investigation included seamless and welded steel pipe with an external diameter less than 10½ inches. Alloy, carbon, spiral, and straight-seam steel pipe and CR and HR pipes are included in the investigation; "Argentina carried out anti-dumping investigation on China's steel pipe." Alibaba. November 5, 2009, <http://news.alibaba.com/article/detail/metalworking/100195594-1-argentina-carried-out-anti-dumping-investigation.html>, accessed on November 9, 2009; Committee on Anti-Dumping Practices, Semi-Annual Report under Article 16.4 of the WTO Antidumping Agreement: Argentina, G/ADP/N/259/ARG, October 2, 2014.

## THE GLOBAL MARKET

Table 9 presents the largest global export sources of OCTG during 2009-13.

**Table 9**

**OCTG: Global exports of OCTG by major sources, 2009-13**

Country	2009	2010	2011	2012	2013
	Quantity (short tons)				
China	1,699,398	1,685,072	1,926,801	2,323,787	2,195,993
South Korea	126,915	604,586	661,559	874,299	1,029,519
Japan	581,152	740,947	761,705	749,340	795,391
Mexico	246,945	417,628	497,643	538,475	637,113
United States	247,125	377,447	458,298	455,393	450,646
Argentina	311,059	359,315	454,571	443,437	415,038
Canada	90,775	420,611	418,174	416,268	319,064
Austria	149,381	201,903	251,030	247,590	279,526
Ukraine	174,365	241,978	266,547	296,928	262,163
France	180,075	177,954	256,617	240,819	258,352
All other	1,149,513	1,710,000	1,861,156	2,102,110	1,960,081
Total	4,958,712	6,939,451	7,816,112	8,690,458	8,604,899

Note.--Because of rounding, figures may not add to total shown. The following HTS subheadings 7304.29, 7305.20, and 7306.29 are clean breakouts for the domestic like product, i.e., casing and tubing of a kind used in drilling for oil and gas. Some couplings stock may also enter under HTS 7304.39 and 7304.59, which are basket categories that include products for uses outside of drilling for oil and gas.

Source: Global Trade Information Services, Inc., *Global Trade Atlas*, HS subheadings 7304.29, 7305.20, and 7306.29.



## **APPENDIX A**

### ***FEDERAL REGISTER* NOTICES**





The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

<b>Citation</b>	<b>Title</b>	<b>Link</b>
79 FR 71091, December 1, 2014	<i>Initiation of Five-Year ("Sunset") Review</i>	<a href="https://www.federalregister.gov/articles/2014/12/01/2014-28408/initiation-of-five-year-sunset-review">https://www.federalregister.gov/articles/2014/12/01/2014-28408/initiation-of-five-year-sunset-review</a>
79 FR 71121, December 1, 2014	<i>Oil Country Tubular Goods From China; Institution of Five-Year Reviews</i>	<a href="https://www.federalregister.gov/articles/2014/12/01/2014-27734/oil-country-tubular-goods-from-china-institution-of-five-year-reviews">https://www.federalregister.gov/articles/2014/12/01/2014-27734/oil-country-tubular-goods-from-china-institution-of-five-year-reviews</a>
80 FR 17495, April 1, 2015	<i>Oil Country Tubular Goods From China; Scheduling of Expedited Five-Year Reviews</i>	<a href="https://www.federalregister.gov/articles/2015/04/01/2015-07430/oil-country-tubular-goods-from-china-scheduling-of-expedited-five-year-reviews">https://www.federalregister.gov/articles/2015/04/01/2015-07430/oil-country-tubular-goods-from-china-scheduling-of-expedited-five-year-reviews</a>
80 FR 18604, April 7, 2015	<i>Certain Oil Country Tubular Goods from the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order</i>	<a href="https://www.federalregister.gov/articles/2015/04/07/2015-07976/certain-oil-country-tubular-goods-from-the-peoples-republic-of-china-final-results-of-expedited">https://www.federalregister.gov/articles/2015/04/07/2015-07976/certain-oil-country-tubular-goods-from-the-peoples-republic-of-china-final-results-of-expedited</a>
80 FR 19282, April 10, 2015	<i>Certain Oil Country Tubular Goods From the People's Republic of China: Final Results of Expedited First Sunset Review of the Countervailing Duty Order</i>	<a href="https://www.federalregister.gov/articles/2015/04/10/2015-07979/certain-oil-country-tubular-goods-from-the-peoples-republic-of-china-final-results-of-expedited">https://www.federalregister.gov/articles/2015/04/10/2015-07979/certain-oil-country-tubular-goods-from-the-peoples-republic-of-china-final-results-of-expedited</a>

Note.—The press release announcing the Commission's determinations concerning adequacy and the conduct of full or expedited reviews can be found at [http://www.usitc.gov/press\\_room/news\\_release/2015/er030611430.htm](http://www.usitc.gov/press_room/news_release/2015/er030611430.htm). A summary of the Commission's votes concerning adequacy and the conduct of full or expedited reviews can be found at <http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11718>. The Commission's explanation of its determinations can be found at <http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11726>.



**APPENDIX B**

**COMPANY-SPECIFIC DATA**



## RESPONSE CHECKLIST FOR U.S. PRODUCERS

\* \* \* \* \*



## **APPENDIX C**

### **SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS**





Table C-1

OTCG: Summary data concerning the U.S. market, 2006-08, January-September 2008, and January-September 2009

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2006	2007	2008	January-September 2008	2009	2006-08	2006-07	2007-08	Jan.-Sept. 2008-09
U.S. consumption quantity:									
Amount	4,735,058	4,106,957	6,718,749	4,465,197	2,000,303	41.9	-13.3	63.6	-55.2
Producers' share (1)	59.2	58.0	44.4	49.9	33.9	-14.8	-1.3	-13.5	-16.0
Importers' share (1):									
China	15.3	21.0	32.7	27.6	37.0	17.4	5.6	11.8	9.4
Other sources	25.4	21.1	22.8	22.5	29.2	-2.6	-4.4	1.8	6.6
Total imports	40.8	42.0	55.6	50.1	66.1	14.8	1.3	13.5	16.0
U.S. consumption value:									
Amount	6,446,654	5,206,325	11,562,912	6,918,304	3,680,600	79.4	-19.2	122.1	-46.8
Producers' share (1)	64.6	63.5	53.5	59.0	37.6	-11.1	-1.2	-10.0	-21.4
Importers' share (1):									
China	10.6	15.6	24.3	19.9	30.0	13.7	5.0	8.7	10.1
Other sources	24.8	20.9	22.3	21.1	32.4	-2.5	-3.9	1.3	11.3
Total imports	35.4	36.5	46.5	41.0	62.4	11.1	1.2	10.0	21.4
U.S. imports from:									
China:									
Quantity	725,027	860,711	2,197,556	1,232,826	739,659	203.1	18.7	155.3	-40.0
Value	681,292	811,542	2,805,206	1,377,072	1,105,138	311.7	19.1	245.7	-19.7
Unit value	\$940	\$943	\$1,277	\$1,117	\$1,494	35.8	0.3	35.4	33.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	1,204,575	864,612	1,534,713	1,006,389	583,130	27.4	-28.2	77.5	-42.1
Value	1,598,489	1,089,955	2,572,888	1,461,709	1,192,040	61.0	-31.8	136.1	-18.4
Unit value	\$1,327	\$1,261	\$1,676	\$1,452	\$2,044	26.3	-5.0	33.0	40.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	1,929,601	1,725,323	3,732,269	2,239,214	1,322,789	93.4	-10.6	116.3	-40.9
Value	2,279,781	1,901,497	5,378,094	2,838,781	2,297,177	135.9	-16.6	182.8	-19.1
Unit value	\$1,181	\$1,102	\$1,441	\$1,268	\$1,737	22.0	-6.7	30.7	37.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	4,294,830	4,238,435	4,469,087	3,354,491	3,439,040	4.1	-1.3	5.4	2.5
Production quantity	2,943,048	2,508,029	3,081,518	2,267,478	606,651	4.7	-14.8	22.9	-73.2
Capacity utilization (1)	68.5	59.2	69.0	67.6	17.6	0.4	-9.4	9.8	-50.0
U.S. shipments:									
Quantity	2,805,457	2,381,634	2,986,480	2,225,983	677,514	6.5	-15.1	25.4	-69.6
Value	4,166,873	3,304,828	6,184,818	4,079,523	1,383,423	48.4	-20.7	87.1	-66.1
Unit value	\$1,485	\$1,388	\$2,071	\$1,833	\$2,042	39.4	-6.6	49.2	11.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	374,234	430,873	389,263	380,471	288,337	4.0	15.1	-9.7	-24.2
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	5,448	5,396	5,819	5,497	3,398	6.8	-1.0	7.8	-38.2
Hours worked (1,000)	11,953	11,484	12,871	9,119	4,528	7.7	-3.9	12.1	-50.3
Wages paid (\$1,000)	297,955	279,780	339,737	254,689	146,284	14.0	-6.1	21.4	-42.6
Hourly wages	\$24.93	\$24.36	\$26.40	\$27.93	\$32.31	5.9	-2.3	8.3	15.7
Productivity (tons/1,000 hours)	246.2	218.4	239.4	248.7	134.0	-2.8	-11.3	9.6	-46.1
Unit labor costs	\$101.24	\$111.55	\$110.25	\$112.32	\$241.13	8.9	10.2	-1.2	114.7
Net sales:									
Quantity	2,940,342	2,469,138	3,128,263	2,316,803	707,619	6.4	-16.0	26.7	-69.5
Value	4,378,324	3,444,495	6,434,811	4,223,978	1,451,262	47.0	-21.3	86.8	-65.6
Unit value	\$1,489	\$1,395	\$2,057	\$1,823	\$2,051	38.1	-6.3	47.5	12.5
Cost of goods sold (COGS)	2,964,845	2,593,617	4,001,065	2,775,683	1,170,192	35.0	-12.5	54.3	-57.8
Gross profit or (loss)	1,413,479	850,878	2,433,746	1,448,295	281,070	72.2	-39.8	186.0	-80.6
SG&A expenses	194,752	252,459	336,428	239,019	221,128	72.7	29.6	33.3	-7.5
Operating income or (loss)	1,218,727	598,419	2,097,318	1,209,276	59,942	72.1	-50.9	250.5	-95.0
Capital expenditures	124,321	150,807	157,692	103,271	107,987	26.8	21.3	4.6	4.6
Unit COGS	\$1,008	\$1,050	\$1,279	\$1,198	\$1,654	26.8	4.2	21.8	38.0
Unit SG&A expenses	\$66	\$102	\$108	\$103	\$312	62.4	54.4	5.2	202.9
Unit operating income or (loss)	\$414	\$242	\$670	\$522	\$85	61.8	-41.5	176.6	-83.8
COGS/sales (1)	67.7	75.3	62.2	65.7	80.6	-5.5	7.6	-13.1	14.9
Operating income or (loss)/sales (1)	27.8	17.4	32.6	28.6	4.1	4.8	-10.5	15.2	-24.5

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2

Seamless OCTG: Summary data concerning the U.S. market, 2006-08, January-September 2008, and January-September 2009

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2006	2007	2008	January-September 2008	2009	2006-08	2006-07	2007-08	Jan.-Sept. 2008-09
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	572,701	660,333	1,726,350	976,062	565,024	201.4	15.3	161.4	-42.1
Value	580,834	668,358	2,327,621	1,149,389	901,348	300.7	15.1	248.3	-21.6
Unit value	\$1,014	\$1,012	\$1,348	\$1,178	\$1,595	32.9	-0.2	33.2	35.5
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All other sources:									
Quantity	579,166	363,766	848,855	495,210	377,999	46.6	-37.2	133.4	-23.7
Value	1,030,267	618,138	1,664,563	855,987	917,728	61.6	-40.0	169.3	7.2
Unit value	\$1,779	\$1,699	\$1,961	\$1,729	\$2,428	10.2	-4.5	15.4	40.5
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All sources:									
Quantity	1,151,868	1,024,099	2,575,205	1,471,272	943,023	123.6	-11.1	151.5	-35.9
Value	1,611,102	1,286,496	3,992,184	2,005,376	1,819,076	147.8	-20.1	210.3	-9.3
Unit value	\$1,399	\$1,256	\$1,550	\$1,363	\$1,929	10.8	-10.2	23.4	41.5
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not available/not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-3

Welded OCTG: Summary data concerning the U.S. market, 2006-08, January-September 2008, and January-September 2009

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	2006	2007	2008	January-September 2008	2009	2006-08	2006-07	2007-08	Jan.-Sept. 2008-09
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	152,325	200,378	471,206	256,764	174,635	209.3	31.5	135.2	-32.0
Value	100,458	143,184	477,585	227,684	203,789	375.4	42.5	233.5	-10.5
Unit value	\$659	\$715	\$1,014	\$887	\$1,167	53.7	8.4	41.8	31.6
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All other sources:									
Quantity	625,408	500,846	685,859	511,179	205,131	9.7	-19.9	36.9	-59.9
Value	568,221	471,817	908,325	605,722	274,312	59.9	-17.0	92.5	-54.7
Unit value	\$909	\$942	\$1,324	\$1,185	\$1,337	45.8	3.7	40.6	12.9
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All sources:									
Quantity	777,734	701,223	1,157,064	767,943	379,766	48.8	-9.8	65.0	-50.5
Value	668,679	615,001	1,385,910	833,405	478,101	107.3	-8.0	125.4	-42.6
Unit value	\$860	\$877	\$1,198	\$1,085	\$1,259	39.3	2.0	36.6	16.0
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not available/not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.



**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product and the subject merchandise. A response was received from domestic interested parties and it named the following 15 firms as the top purchasers of OCTG: \*\*\*. Purchaser questionnaires were sent to these 15 firms, and 5 firms (\*\*\*) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce OCTG that affected the availability of OCTG in the U.S. market or in the market for OCTG in China since 2010?

b.) Do you anticipate any changes in technology; production methods; or development efforts to produce OCTG that will affect the availability of OCTG in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*

2. a.) Have any changes occurred in the ability to increase production of OCTG (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of OCTG in the U.S. market or in the market for OCTG in China since 2010?

b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of OCTG in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*

3. a.) Have any changes occurred in factors related to the ability to shift supply of OCTG among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of OCTG in the U.S. market or in the market for OCTG in China since 2010?

\* \* \* \* \*

b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of OCTG in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*

4. a.) Have there been any changes in the end uses and applications of OCTG in the U.S. market or in the market for OCTG in China since 2010?

b.) Do you anticipate any changes in the end uses and applications of OCTG in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*

5. a.) Have there been any changes in the existence and availability of substitute products for OCTG in the U.S. market or in the market for OCTG in China since 2010?

b.) Do you anticipate any changes in the existence and availability of substitute products for OCTG in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*

6. a.) Have there been any changes in the level of competition between OCTG produced in the United States, OCTG produced in China, and such merchandise from other countries in the U.S. market or in the market for OCTG in China since 2010?

b.) Do you anticipate any changes in the level of competition between OCTG produced in the United States, OCTG produced in China, and such merchandise from other countries in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*

7. a.) Have there been any changes in the business cycle for OCTG in the U.S. market or in the market for OCTG in China since 2010?

b.) Do you anticipate any changes in the business cycle for OCTG in the U.S. market or in the market for OCTG in China within a reasonably foreseeable time?

\* \* \* \* \*